



The Social Enterprise Census is a project led by CEIS as part of a wide-ranging partnership initiative. The project has been carried out with financial support from the Scottish Government. This report has been researched and produced by Social Value Lab.

We would like to thank the members of the Social Enterprise Census Steering Group for their support and input to the report. Organisations on this steering group included Firstport, Highlands and Islands Enterprise, Inspiralba, Scottish Enterprise, Scottish Government, Senscot, Social Enterprise Academy, Social Enterprise Scotland and Social Firms Scotland.

Social Enterprise in Scotland: Key Facts



6,025

Social enterprises currently operating in Scotland



88,318

Full-time equivalent employees in the sector



£2.3bn

Gross Value Added (GVA) to the Scottish economy



65%

Of Scotland's social enterprises are led by women



33%

Of social enterprises are located in rural Scotland



55%

Of leaders identify their organisation as a social enterprise



6%

Of social enterprises have exported within the last 12 months



79%

Of social enterprises selling direct to consumers



75%

Of social enterprises pay at least the living wage to all employees



75%

Of social enterprises are incorporated



18%

Of social enterprises have won a public contract within the last year



£4.4bn

The total annual income of social enterprises in the country



£3.1bn

The earned income generated from trading activity



20%

The proportion of income covered by grant funding



4.1%

The typical profitability of social enterprises



£6.1bn

The net worth of Scotland's social enterprises

Social Enterprise in Scotland: Key Trends

	2015	2017	2019	
Social Enterprises	5,199	5,600	6,025	▲
FTE Employees	-	81,357	88,318	▲
Gross Value Added (GVA)	-	£2.04bn	£2.30bn	▲
Led by women	60%	64%	65%	▲
Rural Location	32%	34%	33%	■
Self-Identify as Social Enterprise	-	56%	55%	■
Exporting	5%	4%	6%	■
Selling Direct to Consumer	68%	79%	79%	▲
Pay the Living Wage	68%	72%	75%	▲
Incorporated Entities	70%	71%	75%	▲
Public Contract Win (Last Year)	-	15%	18%	▲
Total Income	£3.6bn	£3.8bn	£4.4bn	▲
Income from Trade	£2.3bn	£2.7bn	£3.1bn	▲
Grant Dependence	32%	28%	20%	▼
Profitability	4.4%	4.0%	4.1%	■
Net Worth	£3.9bn	£5.0bn	£6.1bn	▲

▲ Upward Trend

■ No Change or Unclear

▼ Downward Trend

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Introduction



1.1 Focus of the Study

This report presents the findings of the Social Enterprise Census 2019, the third comprehensive account of social enterprise activity in Scotland. The project forms part of a 10-year commitment by the Scottish Government to track the development of the sector nationally.

The study provides a detailed profile of **social enterprise activity**. It focuses on the scale, reach and contribution of this activity as well as the characteristics, prospects and needs of those organisations that are delivering it.

The diverse group of organisations examined are collectively referred to as **social enterprises**. These are organisations that trade for the common good, operating in a way that is consistent with the Voluntary Code of Practice for Social Enterprise in Scotland¹.

The study has identified social enterprise activity systematically and objectively². Our dataset for this study includes the work of some types of organisations that are undertaking social enterprise activity, but not normally identified as social enterprises, nor likely to self-identify as such. Likewise, it excludes some organisations identifying themselves as social enterprises, but which do not fully meet the agreed criteria.

1.2 Project Methodology

This is the third in a series of biennial studies of social enterprise activity. The 2015 pilot study provided a baseline against which to track the changing scale, characteristics and contribution of the sector. The second wave of the project in 2017 provided an added depth of analysis. This third instalment provides a further data point that will help to reveal important trends.

This wave of the study was carried out between January and August 2019 and, consistent with previous work, included four main elements: identification, financial assessment, large-scale survey and economic analysis.

1. Identification



Building on the dataset already developed, information from multiple regulators was accessed, crossmatched and reviewed to identify social enterprises formed in the last two years. This work provided a first-level indication of the active population of social enterprises in Scotland and changes since 2017.

2. Financial Assessment



A full and objective financial review of the likely population of social enterprises was carried out to further refine the population estimates and gather financial data. Publicly available financial records and governing documents of more than 12,700 organisations were reviewed and available data extracted in 4,529 cases (75% of confirmed social enterprises).

3. Large-Scale Survey



A large-scale survey of potential social enterprises was conducted. This was carried out to verify and extend upon the data already gathered. Administered largely online, this obtained 1,811 responses, which after purging for duplicate and ineligible responses left unique responses from 1,107 of the population of 6,025 social enterprises. The achieved sample enables findings that are highly representative for the sector nationally.

4. Economic Analysis



An extensive analysis of the available data was conducted. Data from the various sources were combined and cleaned for further analysis. Financial data, where available, were aggregated, analysed and benchmarked using various financial ratios relating to financial performance, strength and sustainability. Income, employment and GVA (Gross Value Added) estimates were also produced.

The methods employed in this study remain consistent with those developed in the 2015 study and then further refined in 2017. In 2019, some additional questions have been added and new forms of analysis undertaken. This is part of a commitment to continually improve on the completeness of the dataset and accuracy of the estimates produced. These changes have not substantively affected the reliability of comparative analyses with earlier results.

The accompanying Technical Report provides further details about the methodology, the basis for identifying social enterprises, and for producing the findings outlined in the main report, and the availability and use of data compiled as part of the study.



2

Composition of the Sector



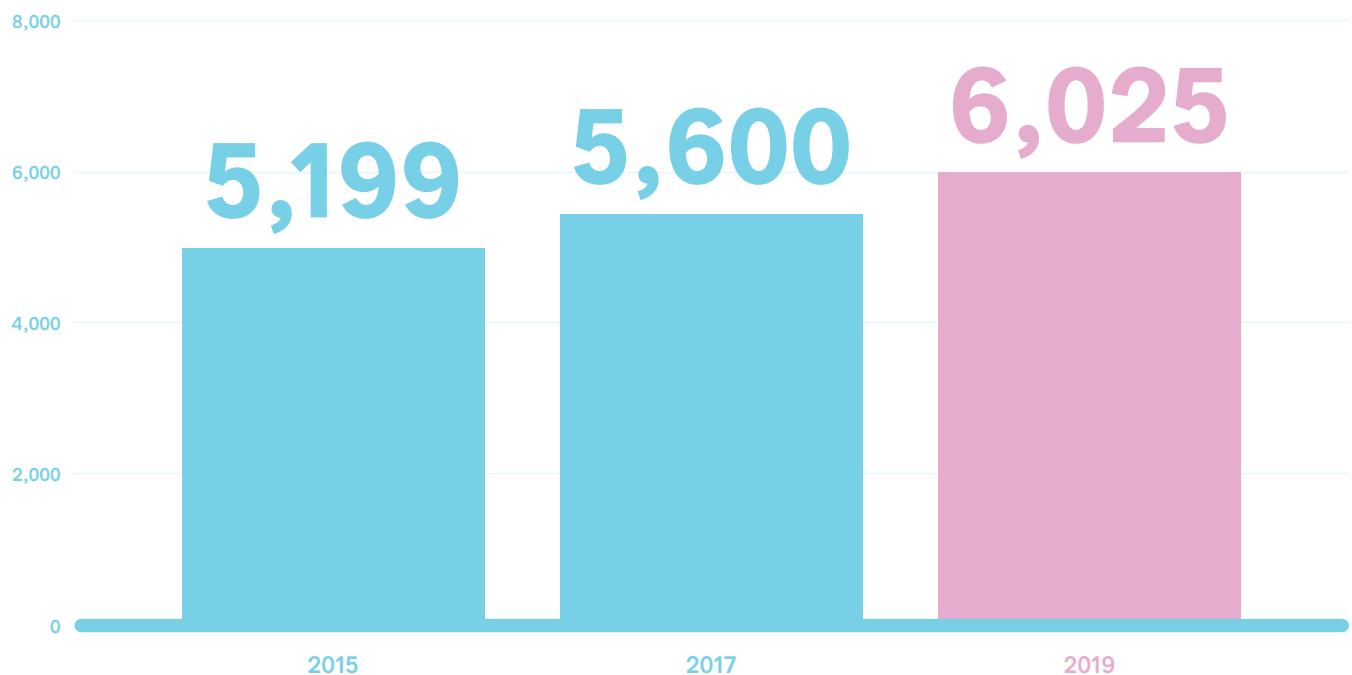
2.1 Current Activity

The social enterprise sector in Scotland is growing and at a consistent rate. Today there are an estimated 6,025 social enterprises active in Scotland. This represents a 16% growth in numbers since the first wave of the Social Enterprise Census four years ago, and an 8% increase during the last two years.

2.2 Sector Churn

The social enterprise community in Scotland continues to evolve. During the last two years 912 social enterprises have emerged³, while 487 have dissolved and deregistered. This **has led to a net growth of 425 social enterprises.**

NUMBER OF SOCIAL ENTERPRISES OPERATING IN SCOTLAND



6,025

Social enterprises
operating in Scotland



+16%

Growth in the number of social
enterprises between 2015 and 2019



COMPONENTS OF CHANGE IN THE SECTOR (2017-19)



2.3 Fields of Activity



Social enterprises are active in many parts of the economy. There are **four main fields that account for around half of all social enterprises**: Community Centres & Halls; Arts & Creative Industries; Early Learning & Childcare; and Health & Social Care. As discussed later, the financial contribution of social enterprises in the fields of Housing (Housing Associations and Co-operatives) and Financial Services (Credit Unions) is also very significant. Collectively these six fields have dominated the social enterprise landscape for many years.



BREAKDOWN OF SOCIAL ENTERPRISES BY FIELDS⁴

Economic Sector	Number of Social Enterprises	% of All Social Enterprises	Net Change (2015-2019)
Community Centres & Halls	1,005	17%	+19%
Arts & Creative Industries	816	14%	+15%
Health & Social Care	755	13%	+21%
Early Learning & Childcare	667	11%	0%
Tourism, Heritage & Festivals	365	6%	+50%
Sport & Leisure	318	5%	+39%
Property, Energy, Utilities & Land	315	5%	+32%
Education, Training & Employment	297	5%	+34%
Information, Consultancy & Support	269	4%	+8%
Other	233	4%	-26%
Housing	228	4%	-14%
Retailing	218	4%	+60%
Environment & Recycling	179	3%	+15%
Food, Catering & Hospitality	138	2%	+77%
Financial Services	112	2%	-19%
Transport	110	2%	+34%
ALL SOCIAL ENTERPRISES	6,025	100%	+16%

Source: Analysis of data on all identified social enterprises, 2015 and 2019

Growth in the number of social enterprises active in these fields has been uneven. The data show a marked increase in the number of organisations in three fields, albeit from a small base of activity: Food, Catering & Hospitality; Retailing; and Tourism, Heritage & Festivals.



2.4 Age

Scotland's social enterprise community is made up of a mix of organisations, some newly formed while others date back to the 1800s. Collectively, two-thirds of social enterprises are more than 10 years old and the **average age is 21 years**.

AGE⁵ OF SCOTLAND'S SOCIAL ENTERPRISES

	Number of Social Enterprises	% of All
0-4 years	891	15%
5-10 years	1,084	18%
Over 10 years	4,050	67%
ALL SOCIAL ENTERPRISES	6,025	100%

Source: Analysis of data on all identified social enterprises, 2019

Some parts of the social enterprise community have deeper roots. Many of the organisations providing Financial Services (93% > 10 years old), Housing (92% > 10 years old) and Early Learning & Childcare (88% > 10 years old) were established contemporaneously, and now operate within highly regulated and saturated markets. Scotland's newer (and younger) social enterprises are disproportionately operating in fields such as Food, Catering & Hospitality, Sport & Leisure, and Retailing.



2.5 Legal Form

Most social enterprises operate as incorporated entities, making them distinct under law from the people involved. Over the last four years there has been a **small but steady fall in the number of social enterprises operating as unincorporated associations or trusts**. In our 2017 report, these unincorporated bodies were identified as having relatively modest levels of turnover and focused mainly on the running of community halls and childcare services.

INCORPORATED AND UNINCORPORATED SOCIAL ENTERPRISES

	2015	2017	2019
Incorporated	70%	71%	75%
Unincorporated	30%	29%	25%

Source: Social Enterprise Census Survey, 2015, 2017, 2019

There is no single legal structure or process of registration for social enterprises in Scotland, so they take a variety of forms. Much of the **recent growth within the sector has been through registration as Community Interest Companies (CICs)⁶**. The number of CICs registered and trading as social enterprises has grown from 409 to 884 in four years, with a 60% growth in the last two years alone. Despite the growing popularity of this hybrid legal form, social enterprises in Scotland continue to be most commonly registered as limited companies with no share capital (in 43% of cases).

SOCIAL ENTERPRISE LEGAL FORMS

	Number (2019)	% of All (2019)	Net Change (2017-19)
Company Ltd by Guarantee	2,558	42.5%	+4%
Unincorporated Association	1,246	20.7%	-5%
Community Interest Company	884	14.7%	+60%
SCIO	683	11.3%	+16%
Registered Society	361	6.0%	-9%
Trust	289	4.8%	-2%
Other	4	0.1%	0%

Source: Analysis of data on all identified social enterprises, 2019

2.6 Charitable Status

Most social enterprises hold charitable status, which reflects the public good that they do. Seven in ten social enterprises are registered with the Office of the Scottish Charity Regulator (OSCR). Looking at this from a different perspective, **almost one in five of the 24,400 registered charities in Scotland are carrying out enterprise activity** and generating trading revenue to supplement or reduce grants and donations.

Social enterprises in some fields are more likely to hold charitable status. In each of the following four fields, more than three-quarters of social enterprises are registered as charities: Community Centres & Halls (98%); Early Learning & Childcare (88%); Health & Social Care (79%); and Tourism, Heritage & Festivals (79%).

72%

Of social enterprises are registered charities



18%

Of registered charities⁷ carrying out social enterprise activity



Source: Analysis of data on all identified social enterprises, 2019

2.7 Sector Identity

While the term ‘social enterprise’ is used by the majority of social enterprise organisations, it has not gained traction during the last two years. All organisations surveyed operate in a way consistent with the Voluntary Code of Practice for Social Enterprise in Scotland⁸, although just 55% of respondents reported using the term ‘social enterprise’ to describe their organisation.

As reported in 2017, the term ‘social enterprise’ is less likely to be used by organisations in particular fields (Early Learning & Childcare and Community Centres & Halls) and by established organisations (10+ years).

TERMS USED BY SOCIAL ENTERPRISES TO SELF-IDENTIFY⁹

Term	% That Would Use Term to Describe Their Organisation	
	2017	2019
Social Enterprise	56%	55%
Voluntary Organisation	42%	41%
Community Enterprise	21%	19%
Development Trust	7%	7%
Social Firm	6%	6%
Co-operative	3%	4%
Housing Association/Co-operative	2%	3%
Credit Union	3%	1%
Supported Business	3%	1%
Mutual/Employee-Owned Business	1%	0%
None of the above	5%	7%
Other	13%	12%

Source: Social Enterprise Census Survey, 2019



3

Geographic Coverage





3.1 Rural-Urban

Social enterprise activity is increasing across Scotland. **Urban areas provide home to most of Scotland's social enterprises** (67% of all social enterprises). However, **rural communities show the fastest growth** (22% growth in number of social enterprises over four years).

NUMBER OF SOCIAL ENTERPRISES 2015 - 2019 (URBAN-RURAL SPLIT)

	Urban	Rural
2015	3,496	1,644
2017	3,692	1,908
2019	4,013	2,012
Net Change (2015-19)	+15%	+22%
% of All (2019)	67%	33%
Ratio of social enterprises to population (2019)	0.8:1	1.8:1

Source: Analysis of data on all identified social enterprises, 2015, 2017 and 2019

A fine-grained analysis confirms some consistent themes. Social enterprises remain **clustered in large urban areas** (accounting for 36% of all). They are particularly **under-represented per capita in large towns** located outside of Scotland's main cities (classified as 'Other Urban' areas of between 10,000 and 125,000 people). Social enterprises are also **over-represented in remote rural areas, which account for 6% of Scotland's population, but house nearly 20% of social enterprises**.



SOCIAL ENTERPRISES BY 6-FOLD URBAN-RURAL CLASSIFICATION

	Land Area (SqKm)	% of Scotland's Population ¹⁰	% of Social Enterprises	Net Change (2015-19)
Large Urban Areas	531	34.6%	36%	+16%
Other Urban Areas	753	36.2%	19%	+17%
Accessible Small Towns	217	8.5%	6%	+10%
Remote Small Towns	107	3.5%	6%	+5%
Accessible Rural	21,425	11.2%	14%	+24%
Remote Rural	54,903	5.9%	19%	+21%
SCOTLAND	77,936	100%	100%	+16%

Source: Analysis of data on all identified social enterprises, 2015 and 2019

Previous social enterprise census reports highlighted the **distinctive character and unique importance of social enterprises in rural areas**. Rural Scotland now accounts for 33% of Scotland's social enterprises but only 17% of the nation's population. Social enterprises in these communities tend to be much smaller, somewhat older, more densely clustered, and focused on solutions to unique rural challenges.



	 RURAL SCOTLAND	 URBAN SCOTLAND
Social Enterprises per 10,000 People¹¹:	23	9
Median Income:	£26,600	£147,900
Most Common Fields of Social Enterprise Activity:	Community Centres & Halls Early Learning & Childcare Property, Energy, Utilities & Land	Arts & Creative Industries Health & Social Care Early Learning & Childcare
Average Age:	25.6 years	21.2 years

Source: Analysis of data on all identified social enterprises, 2019

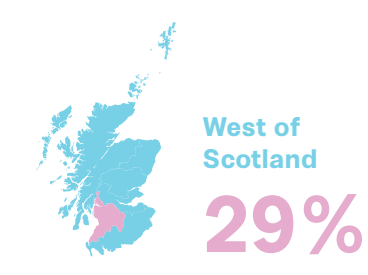
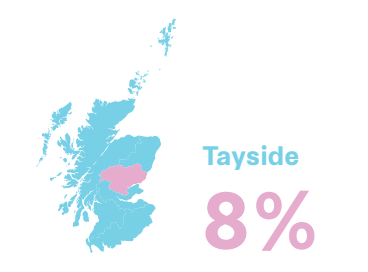
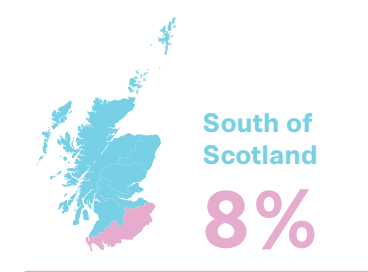
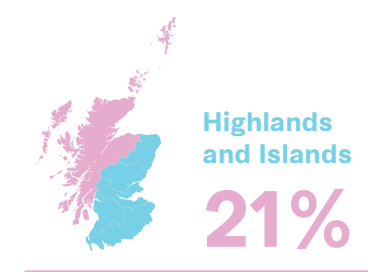
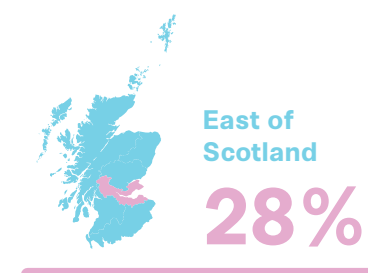
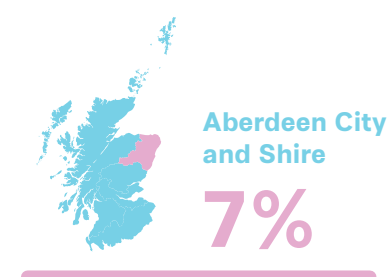
3.2 Region

A clear regional pattern has emerged. **Most social enterprises are located in Scotland's central belt** (where 57% of social enterprises are located). The West of Scotland alone accounts for 29% of organisations and 47% of the sector's trading income. While social enterprise activity is increasing in all areas, the **rate of growth continues to be highest in regions with a smaller base of social enterprises**: South of Scotland; Tayside; and Aberdeen City & Shire.

SOCIAL ENTERPRISE ACTIVITY BY REGION

	Number of Social Enterprises	% of All Social Enterprises	Net Change (2015-19)
Aberdeen City and Shire	443	7%	+21%
East of Scotland	1,662	28%	+16%
Highlands and Islands	1,272	21%	+14%
South of Scotland	481	8%	+25%
Tayside	449	8%	+22%
West of Scotland	1,718	29%	+14%
ALL REGIONS	6,025	100%	+16%

Source: Analysis of data on all identified social enterprises, 2015 and 2019



3.3 Local Authority Areas

The social enterprise landscape across Scotland is complex and uneven. **31% of all social enterprises are based in Scotland's four city authorities¹².**

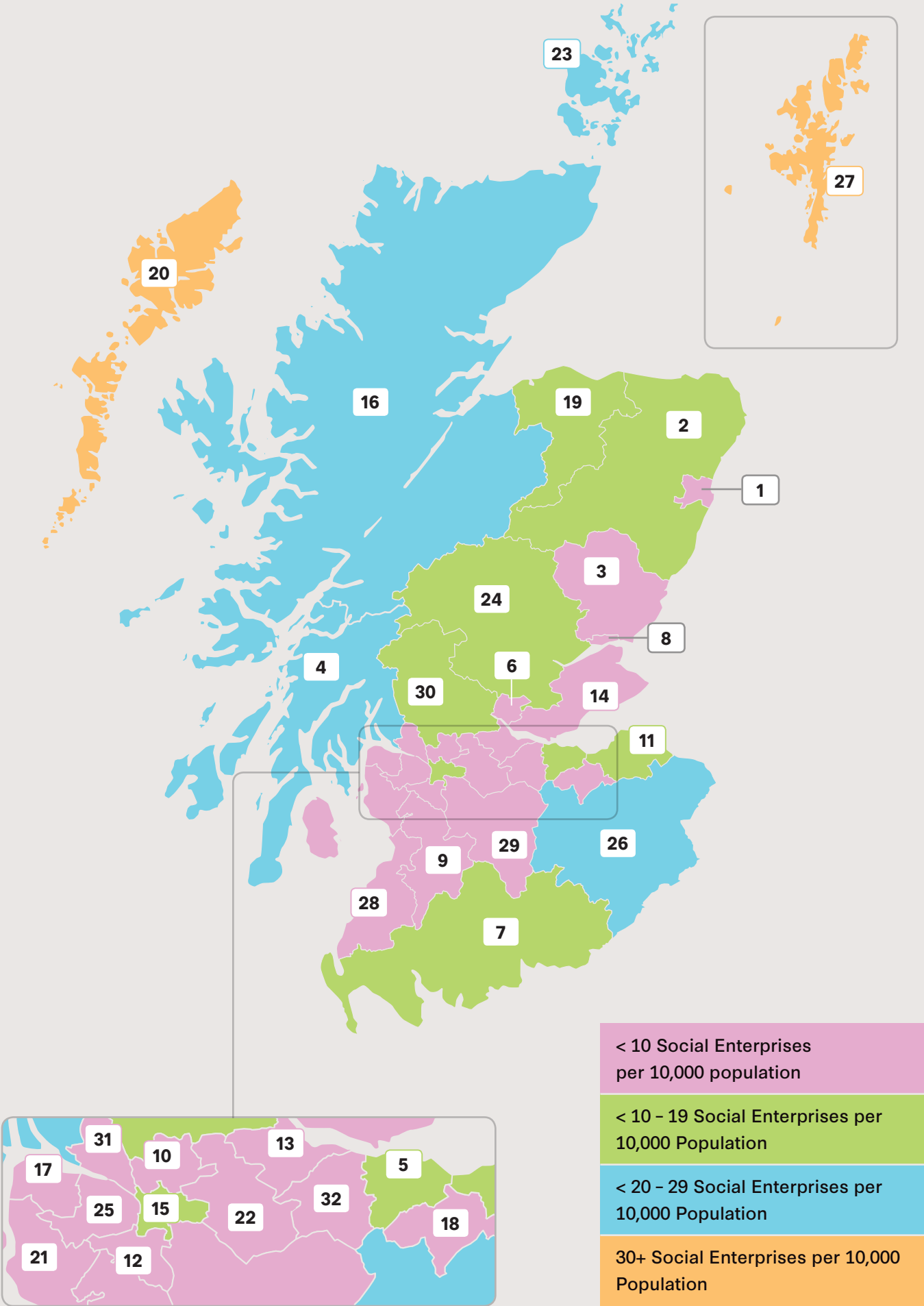
Glasgow and Edinburgh have been the engine for growth in the number of social enterprises now seen in Scotland, each adding 107 social

enterprises during the last four years. Highland and Argyll & Bute also feature among the five areas most populated by social enterprises, consistent with the strong tradition of social economy activity in the Highlands and Islands region where they are located.

SOCIAL ENTERPRISES PROFILE AND CHANGE BY AREA

	Number of Social Enterprises	% Share of All Social Enterprises	Social Enterprises Per 10,000 People	Net Change (2015-19)
1. Aberdeen City	151	2.5%	7	+24
2. Aberdeenshire	292	4.8%	11	+47
3. Angus	119	2.0%	10	+26
4. Argyll & Bute	253	4.2%	29	+9
5. Clackmannanshire	38	0.6%	7	+6
6. Dumfries and Galloway	239	4.0%	16	+49
7. Dundee City	138	2.3%	9	+6
8. East Ayrshire	76	1.3%	6	+7
9. East Dunbartonshire	60	1.0%	6	+9
10. East Lothian	155	2.6%	15	+30
11. East Renfrewshire	53	0.9%	6	+12
12. Edinburgh City	777	12.9%	15	+107
13. Falkirk	91	1.5%	6	+12
14. Fife	242	4.0%	7	+63
15. Glasgow City	811	13.5%	13	+107
16. Highland	564	9.4%	24	+35
17. Inverclyde	63	1.0%	8	+9
18. Midlothian	73	1.2%	8	+16
19. Moray	150	2.5%	16	+26
20. Na h-Eileanan Siar	122	2.0%	45	+13
21. North Ayrshire	117	1.9%	9	+19
22. North Lanarkshire	109	1.8%	3	+2
23. Orkney Islands	69	1.1%	31	+13
24. Perth and Kinross	202	3.4%	13	+35
25. Renfrewshire	98	1.6%	6	+14
26. Scottish Borders	242	4.0%	21	+47
27. Shetland Islands	109	1.8%	47	+14
28. South Ayrshire	85	1.4%	8	+24
29. South Lanarkshire	175	2.9%	5	+32
30. Stirling	157	2.6%	17	+19
31. West Dunbartonshire	75	1.2%	8	+11
32. West Lothian	120	2.0%	7	+5
SCOTLAND	6,025	100%	11	+848

Source: Analysis of data on all identified social enterprises, 2015 and 2019



While all local authority areas continue to show a net increase, **significant variations in social enterprise activity per capita remain**. The figures now range from 47 social enterprises per 10,000 people in the Shetland Islands to just 3 per 10,000 people in North Lanarkshire. As was the case in 2017, the five local authorities with the highest density of social enterprises per capita (Shetland Islands, Na h-Eileanan Siar, Orkney Islands, Argyll & Bute and Highland) are also those with the lowest population densities in Scotland and the highest share of people living in remote locations.

AREAS WITH MOST SOCIAL ENTERPRISES PER POPULATION

	Number of Social Enterprises per 10,000 people
Shetland Islands	47
Na h-Eileanan Siar	45
Orkney Islands	31
Argyll & Bute	29
Highland	24

Source: Analysis of data on all identified social enterprises, 2019

3.4 Local Settlements

Social enterprises can be found in settlements of all types across Scotland, usually taking hold as a response to local circumstances. For the first time, the Social Enterprise Census has examined activity in local areas across the country.

NEW IN 2019

Social Enterprise Places Index

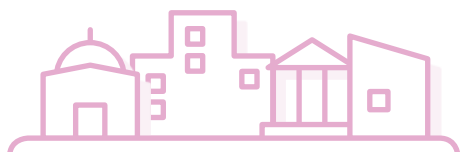


The Scottish Social Enterprise Places Index has been **developed to help identify social enterprise hotspots by systematically analysing activity in all of Scotland's 655 localities**. These built-up areas include cities, towns, villages and other recognisable settlements with at least 500 people living there. These localities have been ranked either based on the number of social enterprises located there (for smaller settlements with less than 10,000 people) or on the density of social enterprise activity (for larger towns and cities with 10,000 or more people). Although imperfect, the analysis has been carried out to generate discussion about those places in Scotland where social enterprise activity can be celebrated.

The spatial analysis reveals a concentrated effect. It shows social enterprises based in just 180 of the 655 built-up areas in Scotland (27%). It also shows that around one-quarter of rural social enterprises (27%) are located outside of population centres containing more than 500 people. This clustering of social enterprises in particular places does not imply that they do not serve the needs of surrounding communities.

This index identifies social enterprise hotspots in urban and rural areas and presents the top three locations for social enterprises in six urban and rural categories.

SOCIAL ENTERPRISE HOTSPOTS IN SCOTLAND



Large urban areas

1. **Edinburgh**
2. **Glasgow**
3. **Dundee**

Places of 125,000 people and over.



Other urban areas

1. **Stirling**
2. **Inverness**
3. **Dumfries**

Places of 10,000 to 124,999 people.



Accessible small towns

1. **Haddington**
2. **Lanark**
3. **Forres**

Places of 3,000 to 9,999 people, and within a 30 minute drive time of a Settlement of 10,000 or more.



Remote small towns

1. **Stornoway**
2. **Lerwick**
3. **Oban**

Places of 3,000 to 9,999 people, and with a drive time of over 30 minutes to a Settlement of 10,000 or more.



Accessible rural areas

1. **Findhorn**
2. **St Boswells**
- 3 = **Duns**
- 3 = **Killearn**

Places with a population of less than 3,000 people, and within a 30 minute drive time of a Settlement of 10,000 or more.



Remote rural areas

1. **Pitlochry**
2. **Portree**
3. **Bowmore**

Places with a population of less than 3,000 people, and with a drive time of over 30 minutes to a Settlement of 10,000 or more.

Source: Analysis of data on all identified social enterprises, 2019

There is a long tradition of 'community enterprise' activity across Scotland. This is activity usually exclusively associated with a particular settlement, and democratically controlled by the people living in that settlement. The survey data suggest

that there are approximately **1,446 community enterprises in Scotland, accounting for 24% of all social enterprises**. Consistent with the findings described in the 2017 report, these are located mainly in rural areas.

COMMUNITY ENTERPRISE STATISTICS

24%

Of social enterprises cover a neighbourhood/community AND are led by and accountable to people in this area¹³



1,446

The estimated number of Community Enterprises operating in Scotland



Source: Analysis of data on all identified social enterprises, 2019

The survey this year also looked at some of the reasons for the formation of new social enterprise activity locally. Two factors stand out as the most significant: the identification of market demand and a gap in local provision. **The formation of social enterprise as a response to the closure of local services emerged as more significant in rural areas, while the 'ability to compete' was a more common factor in urban areas.**

REASONS FOR STARTING TRADING

	Social Enterprises in Urban Areas	Social Enterprises in Rural Areas	All Social Enterprises
Identified a Market	84%	74%	79%
Gap in Local Provision	76%	80%	76%
Ability to Compete	29%	12%	23%
Response to Service Closure	16%	37%	18%

Source: Social Enterprise Census Survey, 2019

3.5 Areas of Deprivation

The registered location of social enterprises does not always tell the full story of the areas in which they work or the local needs they meet.

An analysis of deprivation data reveals no particular clustering of social enterprises in areas of high deprivation. Indeed, social enterprises are slightly under-represented in areas where multiple-deprivation occurs. Seventeen percent of social enterprises are located in Scotland's 20% most-deprived communities¹⁴.

A similar under-representation occurs in ex-coalfield areas, communities in which significant social and economic challenges persist. Just over 7% of social enterprises are located in coalfield communities, while 10% of Scotland's people live there¹⁵.

While social enterprises might be registered, or headquartered, in areas of relative affluence, there is no evidence at this stage to help better understand their operational effect in targeted areas of need.



4

Markets



4.1 Geographic Markets



As suggested in the previous section, social enterprise is often a localised phenomenon. In this respect, the survey findings show that one-quarter of social enterprises (26%) serve only a single neighbourhood or community market, while

three-fifths (57%) do not operate outside of their local authority area. The data available suggest a fairly stable situation, with **no notable expansion or contraction in the geographic scope of markets in the last four years.**

WIDEST GEOGRAPHY ACROSS WHICH SOCIAL ENTERPRISES OPERATE¹⁶

Coverage	2015	2017	2019
A Single Neighbourhood or Community	24%	26%	26%
A Local Authority Area	32%	32%	31%
More Than One Local Authority Area	21%	20%	21%
Scotland-Wide	11%	10%	11%
Across the UK	5%	5%	3%
Internationally	7%	7%	8%

Source: Social Enterprise Census Survey, 2015, 2017 and 2019

4.2 International Trade and Collaboration

Some social enterprises have a global outlook and international ambitions. The survey data gathered since 2015 suggests that around **7-8% of all social enterprises characterise their area of operation as being international.** This is a diverse group of organisations by size, age, and field of activity, which appears to be pursuing various forms of international trade and collaboration.

Going further, the evidence collected since 2015 shows that there is a **smaller subset of 4-6% of social enterprises that actively trade overseas.** This activity includes selling products or services, either digital or physical, to customers outside of the UK, including by way of commissions, royalties and licencing. The proportion of social enterprises exporting is smaller than the estimated 12-14% of Scottish small businesses that have been trading outside of the UK¹⁹ during the same period.

INTERNATIONAL SOCIAL ENTERPRISE ACTIVITY

Operate Internationally¹⁷



2019: 8%

2017: 7%

2015: 7%

Export Overseas¹⁸



2019: 6%

2017: 4%
















2015: 5%

Source: Social Enterprise Census Survey, 2015, 2017 and 2019

4.3 Goods and Services

The lower levels of exporting might be partly explained by the localised focus of the social enterprise community and its dominant service-sector orientation. The survey results indicate that 76% of social enterprises provide services only, while 12% sell goods, and 11% sell both goods and services. This breakdown varies from field to field.

MAIN SOCIAL ENTERPRISE OFFERING²⁰ BY FIELDS

Economic Field	Goods	Services	Both
 Arts & Creative Industries	10%	72%	18%
 Community Centres & Halls	6%	84%	10%
 Early Learning & Childcare	0%	98%	2%
 Education, Training & Employment	0%	88%	12%
 Environment & Recycling	22%	38%	41%
 Financial Services	5%	95%	0%
 Food, Catering & Hospitality	53%	13%	33%
 Health & Social Care	5%	87%	8%
 Housing	3%	94%	3%
 Information, Consultancy & Support	0%	98%	2%
 Property, Energy, Utilities & Land	32%	54%	15%
 Retailing	81%	8%	11%
 Sport & Leisure	4%	89%	7%
 Tourism, Heritage & Festivals	10%	72%	18%
 Transport	6%	88%	6%
ALL SOCIAL ENTERPRISES	12%	76%	11%

Source: Social Enterprise Census Survey, 2019

4.4 Customer Groups

Social enterprises sell things to other organisations (business-to-business trade with public, private and third sector customers) as well as direct to consumers. In around half (54%) of cases they earn income from multiple customer groups²¹.

REPORTED CUSTOMER GROUPS²²

Customer Group	2015	2019	
General Public	68%	79%	▲
Public Sector	61%	53%	▼
Third Sector	50%	47%	▼
Private Sector	39%	39%	■

Source: Social Enterprise Census Survey, 2015 and 2019

The survey data indicate that **social enterprises are increasingly selling direct to consumers** (increasing from 68% of all organisations to 79% over four years). The proportion of social enterprises selling to consumers is highest in the following fields: Food, Catering & Hospitality (97% of all social enterprises in this field); Sport & Leisure (94%); Tourism, Heritage & Festivals (93%); and Retailing (92%).

The results also suggest that **a smaller proportion of social enterprises are doing business with the public sector today than four years ago** (reducing from 61% to 53% in the period). There is some variation, however, with larger organisations more likely to be public sector contractors (65% of those with an annual income of £500k+) as well as those located in urban areas (58% of respondents).

TRADING WITH PUBLIC SECTOR BY SIZE BAND

Turnover	Trading with public sector
£0-£100k	36%
£100-500k	47%
£500k+	65%

Source: Social Enterprise Census Survey, 2019



4.5 Public Sector Contracts



Despite some overall decline in involvement in public sector markets, the survey data suggests that **each year approximately one-in-five social enterprises bid to deliver public contracts.**

BIDDING FOR PUBLIC CONTRACTS (LAST 12 MONTHS)²³

Situation	2017	2019
Did Not Bid For Contracts	80%	79%
Unsuccessful in Bidding for Contracts	5%	4%
Won a Contract	15%	17%

Source: Social Enterprise Census Survey, 2017 and 2019

The latest data show **some modest improvement in the share of social enterprises securing recent contracts** (from 15% in 2017 to 17% in 2019). The organisations securing contracts tend to operate in four main fields: Information, Consultancy & Support (contracts won by 38% of social enterprises in this field); Transport (37%); Education, Training & Employment (34%); and Health & Social Care (30%).

Despite some success, the majority of social enterprises do not compete for public contracts. The latest survey responses indicate two main challenges²⁴. First and foremost, the ability of social enterprises (their capacity, capabilities and experience) to deliver on the requirements of tenders is the number one cited reason why social enterprises do not bid. Second, respondents said there is often a mismatch between what the public sector requires and the product or service offering of social enterprises.

REPORTED REASONS FOR NOT SUBMITTING A TENDER

Reported Reason	%
Insufficient capacity, capability or experience to deliver	56%
Published requirements do not match products/services	41%
Unable to find suitable partners/consortia members	14%
There are too many potential risks	12%
Unrealistic budget	9%
Unrealistic contract timetable	8%

Source: Social Enterprise Census Survey, 2019



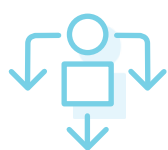
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**Business
Practices**

5.1 Good Governance

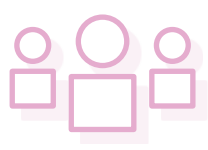
Almost all social enterprises are subject to special regulation that encourages good governance, either by virtue of the form they take (e.g. regulated charity) or the field in which they operate. Consistent with best practice²⁵, the 2019 survey indicates that almost all social enterprises (97%) **operate**

transparently with a minimum of three voluntary Trustees/Directors and that most are **led by and accountable to the people they serve** (69%). The responses also suggest that formal processes are in place in most cases (81%) to **support employee involvement in decision-making**.



7

The average number of Trustees/ Directors in overall management and control²⁶



97%

Of social enterprises report a minimum of 3 Directors/ Trustees in place²⁷



69%

Are led by and accountable to people in a particular neighbourhood/ community²⁸



81%

Involve employees formally in decision-making²⁹

Source: Social Enterprise Census Survey, 2019

5.2 Inclusive Boards

The Scottish Government has encouraged greater diversity in the boardroom, recognising its relationship to good governance and better business decisions³⁰. Like 2017, the survey findings suggest a mixed picture in this respect. While the composition of boardrooms broadly reflects the characteristics of Scotland's population, there is a particularly strong representation of women in board positions and **under-representation of youth and people with a disability or long-term health condition**.

CHARACTERISTICS OF TRUSTEES/BOARD MEMBERS

54%

Female



3%

Black and Minority Ethnic



2%

Young person



11%

Disability or long-term health condition



Source: Social Enterprise Census Survey, 2019

The dominant role of women in boardrooms means that the social enterprise sector has surpassed the challenge set by Scottish companies in 2015, to achieve a 50/50 gender balance on their boards by

2020³¹. The survey data collected since 2015 show that an increasing proportion of trustees/directors in the sector are female, reaching 54% of all in 2019.

Women now form a majority on 60% of boards.

PERCENTAGE OF FEMALE TRUSTEES/BOARD MEMBERS



Source: Social Enterprise Census Survey, 2015, 2017 and 2019

5.3 Diverse Leaders

In any inclusive business sector, one would expect that talented people from diverse backgrounds assume key leadership positions. The social enterprise sector's commitment to diverse leadership is evident in senior salaried employees (CEO or equivalent) and not just on boards. The latest survey data reflect the strong position of women in leadership roles in the social enterprise sector. This strong position of women suggests a belief in the importance of ensuring leadership in the sector reflects the population more widely.

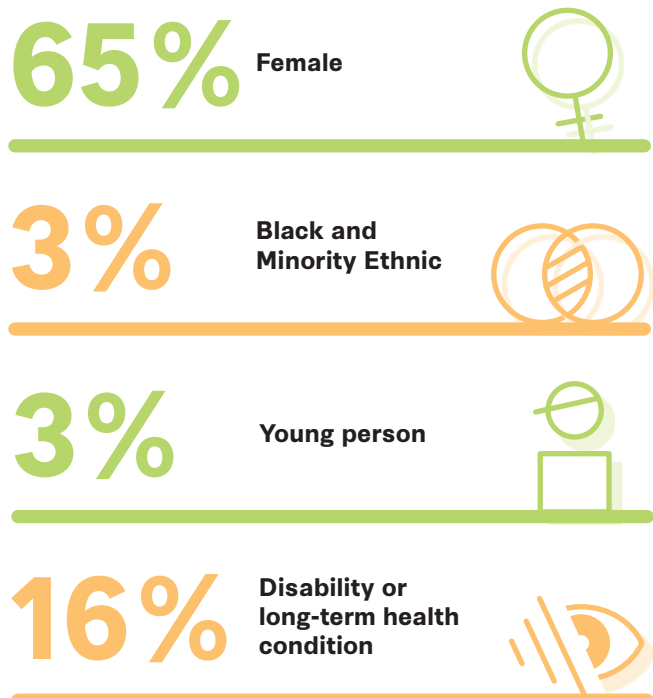
60%

Of Boards with at least half of Directors/Trustees female³²



Source: Social Enterprise Census Survey, 2015, 2017 and 2019

CHARACTERISTICS OF CEO OR EQUIVALENT

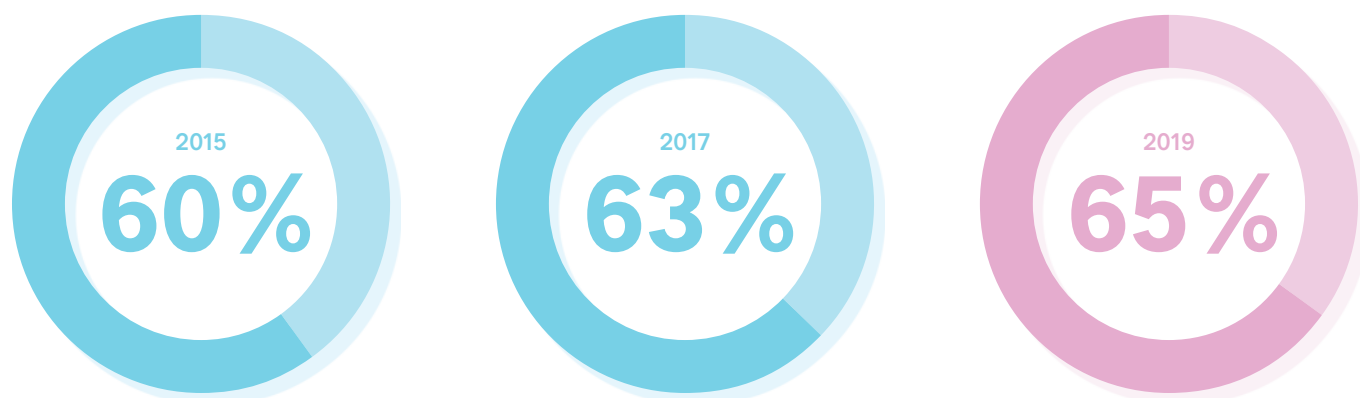


Source: Social Enterprise Census Survey, 2019

The data available since 2015 show that the proportion of women now leading Scotland's social enterprises is high (65%) and growing. This stands in contrast to the business community at large, where only 21% of SMEs in Scotland are women-

led³³. The survey data show that female leaders are most dominant in the Early Learning & Childcare (97% female leaders) and Health & Social Care (73% female leaders) fields.

PERCENTAGE OF ORGANISATIONS WITH FEMALE CEO'S



Source: Social Enterprise Census Survey, 2015, 2017 and 2019

PERCENTAGE OF ORGANISATIONS WITH FEMALE CEO'S BY SIZE BANDS

Turnover of social enterprise	% of female CEO's
£0-100k	70%
£100-500k	71%
£500k+	52%

Source: Social Enterprise Census Survey, 2019

Women are more likely to be leading small organisations than large ones (70% of leaders are female where the organisation's turnover is less than £500k and 52% are female where turnover is £500k+). **Regardless of annual turnover, women lead at least half of social enterprise organisations.**

5.4 Equity of Pay

The Voluntary Code of Practice for Social Enterprise highlights the importance of relatively flat pay structures in the sector, advocating for a maximum ratio of 1:5 between the lowest and highest paid employee. The survey data show a **consistent wage differential of 1:2.5 in 2015, 2017 and 2019** that is consistent with the guidance and the wider principles of fairness and equity associated with the sector. The latest figures also show that 94% do not exceed the 1:5 maximum ratio.

1:2.5

The average differential between the lowest and highest paid employee³⁴



94%

Of social enterprises have a pay differential not exceeding 1:5³⁵

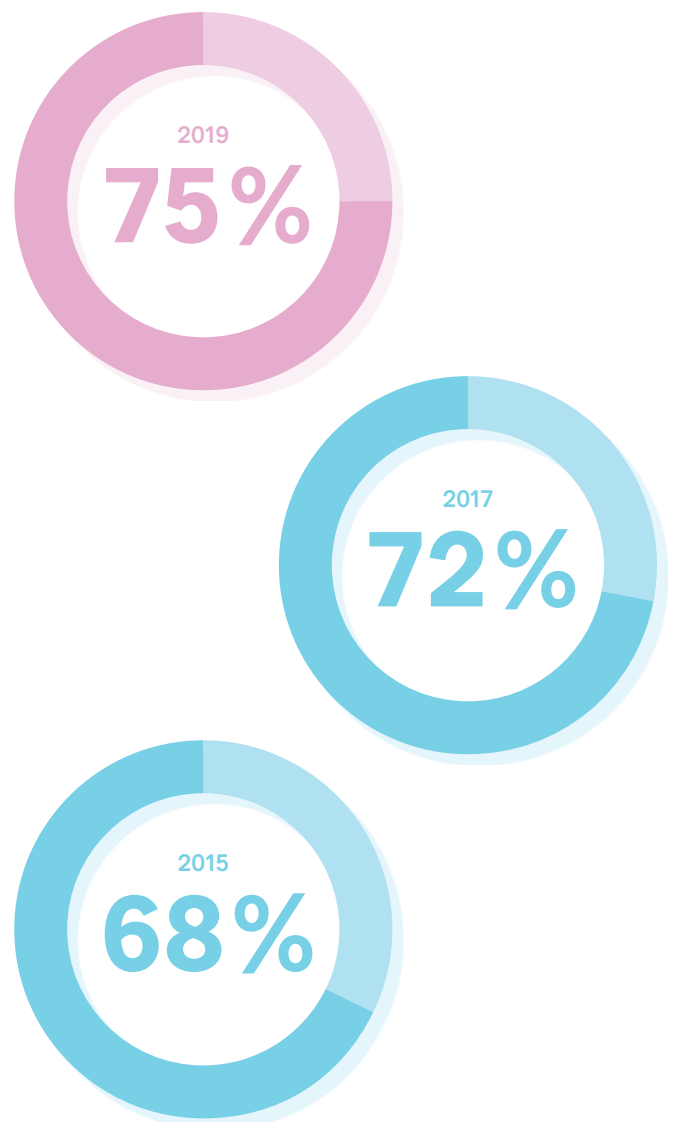


Source: Social Enterprise Census Survey, 2019

5.5 Scottish Living Wage

The Scottish Business Pledge encourages companies to ensure fair work and decent pay at or above the Living Wage - currently £9 per hour, as defined by the Living Wage Foundation³⁶. The survey data suggests **an increasing share of social enterprises are paying the Living Wage**, reaching 75% of all in 2019³⁷. This compares favourably to the estimated 70% of SMEs in Scotland that are doing the same³⁸. This is encouraging given the challenges reported in 2017 for parts of the social enterprise sector (e.g. Early Learning & Childcare) that struggled to keep pace with the expectation of national pay rates.

SCOTTISH ENTERPRISES PAYING THE LIVING WAGE



Source: Social Enterprise Census Survey, 2015, 2017 and 2019

5.6 Zero Hours Contracts

Recognising that security of employment and income are important foundations of fair employment, the Scottish Business Pledge urges companies to avoid where possible the use of zero hours contracts. Survey findings suggest no further increase in the 15% of social enterprises using zero hours contracts in 2017. However, the 15% of social enterprises using zero hours contracts³⁹ compares unfavourably

with the estimated 7% of Scottish SMEs doing the same⁴⁰. **This remains a key industry-specific challenge for social enterprises, especially those employing staff in caring, leisure and other service occupations.** In these occupations an estimated 30% of workers across Scotland's economy are employed on zero hours contracts⁴¹.

SCOTTISH ENTERPRISES WITH ZERO HOURS CONTRACTS



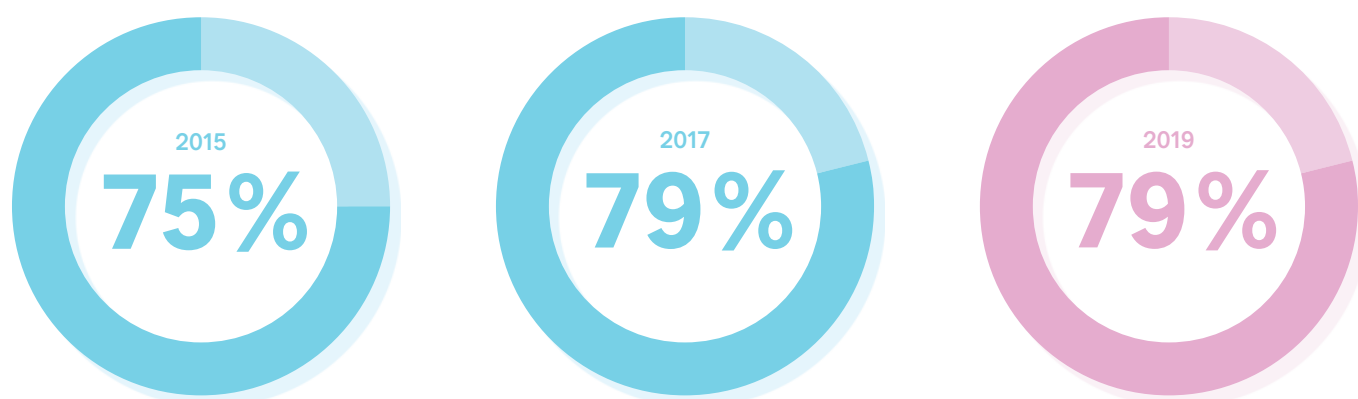
Source: Social Enterprise Census Survey, 2015, 2017 and 2019

5.7 Local Employment

When local people secure local jobs, this can bring various benefits to the local economy, environment and community. In this respect, the 2019 survey shows that 79% of social enterprises employ more

than half of their workforce from the area(s) in which the social enterprise is based. This is consistent with data presented in 2017 and represents a small increase since 2015.

SCOTTISH ENTERPRISES WITH >50% LOCAL EMPLOYEES



Source: Social Enterprise Census Survey, 2015, 2017 and 2019

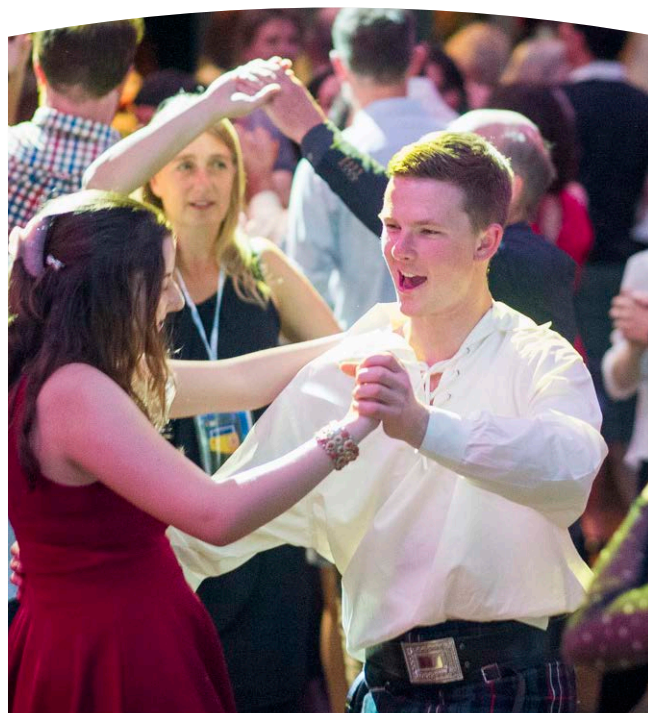
5.8 A Balanced Workforce

The Scottish Business Pledge encourages companies to advance diversity and inclusion within the workplace and widen the pool of talent available. In this respect, the survey findings show that 97% of social enterprises employ women, 55% employ someone with a disability or long-term condition and 27% employ someone from an ethnic minority background.

SOCIAL ENTERPRISE EMPLOYMENT FROM TARGET GROUPS

Group	Social Enterprises With At Least One Employee From the Group
Female	97%
Disability or Long-term Condition	55%
Minority Ethnic Background	27%

Source: Social Enterprise Census Survey, 2019



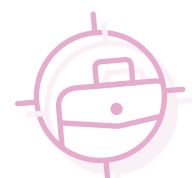
5.9 Progressive Workforce Development

Action on workforce development can bring benefits to a business, to workers, families and communities. Consistent with action endorsed by the Scottish Business Pledge, **social enterprises demonstrate a widespread commitment to investing in their people**. Survey responses show that it is common for social enterprises to employ previously unemployed people (69% do) and to have a policy and budget in place for staff training and development (79% do). The data also indicate that in 69% of cases, employees are receiving training or support intended to improve their employability - an increase from 63% in 2017.



69%

Employ previously unemployed people⁴²



31%

Have 'Providing training for employment' as one of their main organisational goals⁴³



69%

Provide training or support intended to improve employability⁴⁵



79%

Have a policy and budget for staff training and development⁴⁴

Source: Social Enterprise Census Survey, 2019

5.10 Investing in Youth

The Scottish Business Pledge invites companies to explore ways to create opportunities for young people, to ensure a continuing stream of new talent, ideas and skills. The survey responses indicate that 56% of social enterprises employ young people (aged under 25 years), and in 17% of cases young people account for more than one-quarter of the workforce. The data also indicate that 42% of social enterprises employ previously unemployed young people, a decrease from 49% in 2017. A 48% decrease in youth unemployment during the last four years can explain this trend⁴⁶.

56%

Of social enterprises employ young people aged under 25 years



42%

Of social enterprises employ young people that were previously unemployed



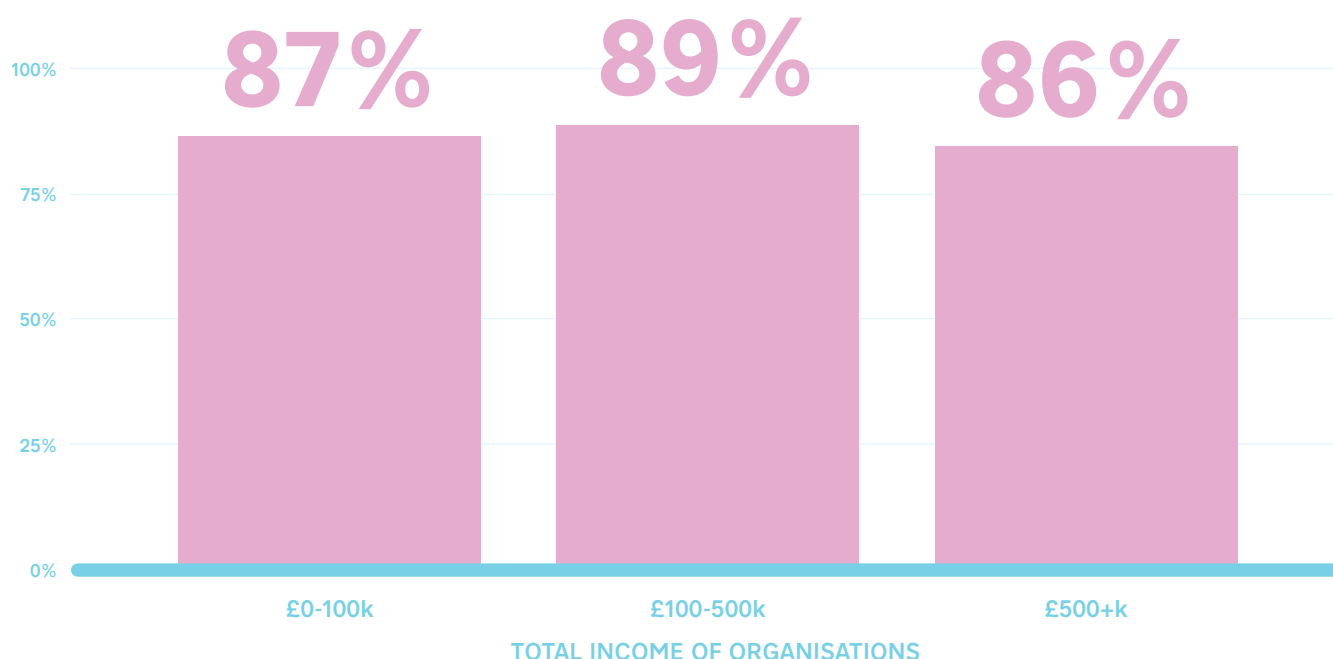
Source: Social Enterprise Census Survey, 2019

5.11 Making Prompt Payments

The Scottish Business Pledge encourages companies to make prompt payments to suppliers (within 30 days as the norm). This is based on recognition that paying on time builds reputation, increases buying power and injects cash into the

economy. Consistent with this, survey responses indicate that **86% of social enterprises pay all bills within 30 days**, reasonably consistent across organisations of all sizes⁴⁷.

% REPORTING PAYING ALL BILLS WITHIN 30 DAYS



6

Financial Performance



6.1 Sector Income

The social enterprise sector is large and growing.

Total income has reached £4.37 billion, a healthy increase of 15% since 2017 and 22% since 2015. Housing Associations (Registered Social Landlords) account for 41% of the sector's income, comparable to 2017.

TOTAL INCOME TO THE SOCIAL ENTERPRISE SECTOR⁴⁸

Type	Total Income 2015	Total Income 2017	Total Income 2019	Net Change (2017-19)
Registered Social Landlords	£1,300m	£1,569m	£1,817m	+16%
Credit Unions	£30m	£33m	£38m	+15%
Other Social Enterprises	£2,290m	£2,206m	£2,509m	+14%
ALL SOCIAL ENTERPRISES	£3,620m	£3,809m	£4,364m	+15%

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

The vast majority of the social enterprise sector income comes from trading activity (70%), as distinct from grants, and other forms of income.

SHARE OF SECTOR INCOME BY SOURCE⁴⁹



Source: Analysis of publicly available financial data, 2019

The **positive growth in sector income disguises different individual trajectories**. The financial data show that almost six out of ten social enterprises increased their income (57% of all social enterprises) during the last two years, while 43% experienced a decline.

TWO-YEAR CHANGE IN INCOME AT ORGANISATION LEVEL⁵⁰

Change (2017-19)	% of Social Enterprises Experiencing Change
Income Has Increased	57%
Income Has Decreased	43%

Source: Analysis of publicly available financial data, where available for individual social enterprises in both financial years

The positive headlines also disguise variation in income among organisations. More than half of social enterprises (55%) have an income of less than £100,000.

INCOME BY SIZE BAND

Income	% of Social Enterprises
£0 - £49,000	42%
£50,000 - £99,000	13%
£100,000 - £249,000	16%
£250,000 - £499,000	10%
£500,000 - £999,000	7%
£1,000,000 - £4,999,000	8%
£5,000,000+	4%
Total	100%

Source: Analysis of publicly available financial data where available for identified social enterprises, 2019

6.2 Trading

Earned income from trading is a vital indicator of the strength of the sector. Collectively, **the value of social enterprise activity has reached**

£3.06bn. This represents an **11% increase** since last reported in 2017 (compared to an 8% growth in the number of social enterprises during the period).

TOTAL TRADING INCOME

Value of Social Enterprise Activity 2015	Value of Social Enterprise Activity 2017	Value of Social Enterprise Activity 2019 ⁵¹	Net Change (2017-19)
£2,246m	£2,744m	£3,059m	+11%






Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Social enterprises can be classified as either emerging, aspiring or mature based on the share of income they derive from trading. In this respect, the financial data suggest **an important shift ‘up the ladder’ of trading**, with an 11-percentage point increase in the size of the mature category (>50% of

income from trading) matched by an 11-percentage point decline in the emerging group (<25% of income from trading). Most social enterprises (62%) can now be considered mature in trading terms. Indeed, around one-in-ten are now self-sustaining, generating all of their income from trade.

TRADING LEVEL IN THE SECTOR

		% of Social Enterprises 2015	% of Social Enterprises 2017	% of Social Enterprises 2019 ⁵²	Percentage Point Change (2015-19)
Mature Group (50%+ Income from Trading)		51%	61%	62%	+11
Aspiring Group (25-49% Income from Trading)		16%	19%	17%	+2
Emerging Group (<25% Income from Trading)		33%	21%	22%	-11

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Trading levels are modest among typical social enterprises. Median income from trading is now £46,800. This is down from £50,000 in 2017⁵³, with a particularly pronounced drop among newer organisations (less than five years old). There are **significant differences in trading levels in different fields**. Median trading ranges from just

















£15,567 among Community Centres & Halls to over £3m among organisations involved in Housing. In the four longest established fields of social enterprise activity (i.e. Childcare, Financial Services, Health & Social Care and Housing), the average organisation now generates more than three-quarters of income from trading.

MEDIAN TRADING BY AGE OF ORGANISATION⁵⁴

	0-4 Years	5-10 Years	Over 10 Years	ALL
Median Trading Level 2017	£17,100	£34,500	£61,100	£50,000
Median Trading Level 2019	£11,700	£28,000	£62,300	£46,800

Source: Analysis of publicly available financial data, 2017 and 2019

TRADING LEVEL AND CONTRIBUTION BY FIELDS⁵⁵

Economic Field	Median Trading Income	Average % Income from Trading	Share of All Sector Trading Income
 Housing	£3,046,112	75%	46.90%
 Financial Services	£156,200	84%	1.00%
 Health & Social Care	£150,639	77%	28.40%
 Information, Consultancy & Support	£97,770	48%	2.10%
 Education, Training & Employment	£69,611	71%	3.90%
 Sport & Leisure	£51,386	55%	1.40%
 Environment & Recycling	£50,619	57%	1.40%
 Early Learning & Childcare	£48,929	85%	2.50%
 Other	£43,635	57%	2.20%
 Retailing	£42,402	65%	1.00%
 Transport	£35,083	51%	0.30%
 Tourism, Heritage & Festivals	£33,352	55%	2.90%
 Arts & Creative Industries	£32,820	52%	3.80%
 Food, Catering & Hospitality	£32,501	30%	0.40%
 Property, Energy, Utilities & Land	£26,940	54%	1.10%
 Community Centres & Halls	£15,567	44%	0.50%
ALL SOCIAL ENTERPRISES	£46,900		100.0%

Source: Analysis of publicly available financial data, 2019




Between them, **organisations in the Housing and Health & Social Care field account for three-quarters of social enterprise activity**. The 152 Housing Associations in Scotland alone account for 44% of trade (worth £1.21 billion).

6.3 Expenditure

Collectively, **the social enterprise sector spent £3.98bn in the latest financial year**, reducing to £2.40bn when Housing Associations and Credit Unions are excluded from the analysis.



TOTAL EXPENDITURE OF THE SOCIAL ENTERPRISE SECTOR

Type		Total Expenditure 2015	Total Expenditure 2017	Total Expenditure 2019 ⁵⁶	Net Change (2017-19)
Registered Social Landlords		£1,073m	£1,376m	£1,527m	+11%
Credit Unions		£27m	£28m	£32m	+16%
Other Social Enterprises		£1,990m	£2,118m	£2,408m	+14%
ALL SOCIAL ENTERPRISES		£3,090m	£3,522m	£3,968m	+13%

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Spending/costs have continued to rise. There has been a 13% increase in costs since 2015. This reverses the trend of previous years. The data show that costs have increased for six out of ten social enterprises (60%), while 40% have reduced their costs.

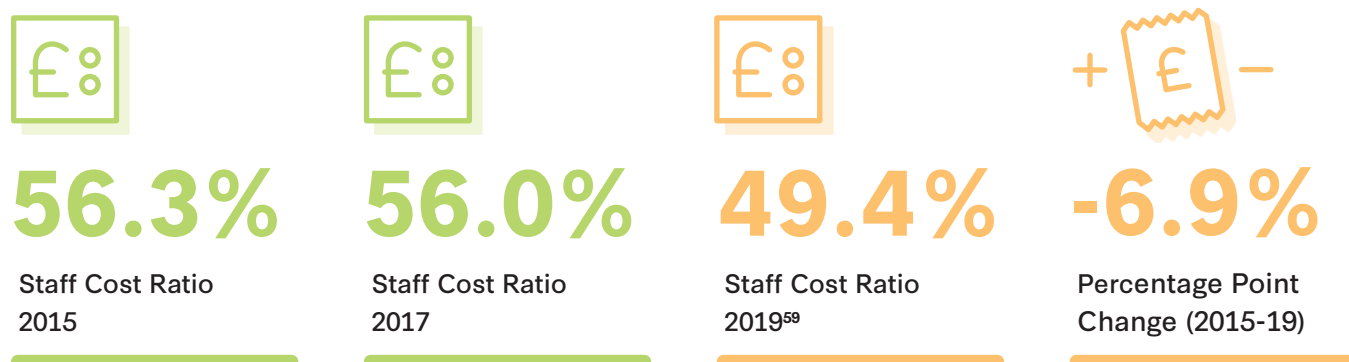
TWO-YEAR CHANGE IN COSTS AT ORGANISATION LEVEL⁵⁷

Change (2017-19)	% of Social Enterprises Experiencing Change
Costs Have Increased	60%
Costs Have Decreased	40%

Source: Analysis of publicly available financial data, 2017 and 2019

Staffing is still the largest cost for most social enterprises. However, the sector has significantly reduced the share of expenditure accounted for by staffing during the last two years; it now accounts for less than half of total expenditure on average.

STAFF COST RATIO⁵⁸ OF SOCIAL ENTERPRISES



Source: Analysis of publicly available financial data, 2015, 2017 and 2019




Note: Excludes Registered Social Landlords and Credit Unions

6.4 Profitability

Making a profit is critical to the viability of social enterprises and to their longevity. In this respect, the data show an **overall increase in the profit**

or surplus generated by the sector. Collectively, social enterprises made a surplus of £396m, increasing from £287m two years ago.

SURPLUS GENERATED BY THE SOCIAL ENTERPRISE SECTOR

Type		Total Surplus 2015	Total Surplus 2017	Total Surplus 2019 ⁶⁰	Net Change (2017-19)
Registered Social Landlords		£215m	£193m	£289m	+50%
Credit Unions		£9m	£5m	£6m	+20%
Other Social Enterprises		£90m	£89m	£101m	+11%
ALL SOCIAL ENTERPRISES		£300m	£287m	£396m	+38%

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

A profitable sector overall, does not mean that the bottom-line of all social enterprises is strong. It also does not mean that those profits are spread equally across organisations with variable turnover. The vast majority of all profit (96%) is generated by social enterprises with a turnover of more than £1million. Around six-in-ten social enterprises generated a surplus this year, while most others made a loss. This data does not reflect an active choice by many social enterprises to run a deficit for varying reasons (e.g. to scale up production) and can only provide an annual snapshot of an organisation's finances rather than a complete picture of their financial trajectory.

SOCIAL ENTERPRISES MAKING A SURPLUS/ DEFICIT⁶¹

Last Financial Year End	% of Social Enterprises
Making a Surplus	57%
Breaking Even	1%
Making a Deficit	42%

Source: Analysis of publicly available financial data, 2019

More encouragingly, the data show that half of profitable social enterprises generated an increased surplus in the most recent period.

TWO-YEAR CHANGE IN SURPLUS AT ORGANISATION LEVEL⁶²

Change (2017-19)	% of Social Enterprises Experiencing Change
Surplus Has Increased	50%
Surplus Has Decreased	50%

Source: Analysis of publicly available financial data, 2017 and 2019

On balance, however, the aggregate profitability of the sector (excluding housing associations and credit unions) has remained consistent at around 4%. This means that the average social enterprise generates a profit of around 4p for every £1 of turnover. It is encouraging that the sector remains profitable.

PROFITABILITY RATIO⁶³ OF TYPICAL SOCIAL ENTERPRISES



4.4%

Profitability Ratio
2015



4.0%

Profitability Ratio
2017



4.1%

Profitability Ratio
2019⁶⁴



-0.3%















Percentage Point
Change (2015-19)

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Note: Excludes Registered Social Landlords and Credit Unions

Profitability varies across the fields in which social enterprises operate. Some fields show a more than average profitability, such as Tourism, Heritage & Festivals (13.4%), Housing (12.1%) and Property, Energy, Utilities & Land (11.4%). In other fields profitability is under pressure, including in Financial Services (-1.1%), Early Learning & Childcare (0.6%) and Transport (0.8%).

PROFITABILITY RATIO BY FIELD

Economic Field		Profitability Ratio 2019
	Tourism, Heritage & Festivals	13.40%
	Housing	12.10%
	Property, Energy, Utilities & Land	11.70%
	Food, Catering & Hospitality	8.20%
	Environment & Recycling	7.40%
	Sport & Leisure	6.90%
	Retailing	6.60%
	Community Centres & Halls	6.00%
	Health & Social Care	2.90%
	Education, Training & Employment	2.80%
	Information, Consultancy & Support	1.80%
	Arts & Creative Industries	1.50%
	Transport	0.80%
	Early Learning & Childcare	0.60%
	Other	-0.20%
	Financial Services	-1.10%

Source: Analysis of publicly available financial data, 2019



6.5 Financial Health

Liquidity is a key indicator of an organisation's financial health. This is the extent to which short-term debts are covered by cash and other assets that are easily convertible into cash (liquid assets). The most recent data show **current assets of £2.9bn, exceeding the sector's short-term liabilities of £ 1.7bn.**

CURRENT ASSETS AND LIABILITIES OF THE SECTOR (2019)⁶⁵

Type	Current Assets	Current Liabilities
Registered Social Landlords	£1,037m	£716m
Credit Unions	£676m	£608m
Other Social Enterprises	£1,233m	£419m
ALL SOCIAL ENTERPRISES	£2,946m	£1,743m

Source: Analysis of publicly available financial data, 2019

Liquidity is usually expressed as the current ratio, the ability to meet short-term obligations. Over the years the current ratio for the sector has shown a slight decline, suggesting some decreasing ability of social enterprises to pay their short-term debts.

However, the sector is at this moment still able to cover its debts, and too high a current ratio is an indication of a sector that is not using its assets to grow and develop its businesses.

CURRENT RATIO⁶⁶ OF SOCIAL ENTERPRISES⁶⁷

Type	2015	2017	2019	Net Change (2015-19)
Registered Social Landlords	1.8	2.0	1.4	-0.4
Credit Unions	1.1	1.1	1.1	0
Other Social Enterprises	3.4	2.7	2.8	-0.6
ALL SOCIAL ENTERPRISES	1.9	1.8	1.7	-0.2

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

The Debt Turnover Ratio is another indicator of financial health. This measures how long it takes for debtors to pay their invoices. The data indicate that **it currently takes around 48 days for social enterprises to get paid after submitting invoices,**

and that this has been reasonably stable since 2015. This suggests that there are still many organisations in Scotland that do not pay their invoices within 30 days.

DEBT TURNOVER RATIO⁶⁸ OF TYPICAL SOCIAL ENTERPRISES



43 days

Debt Turnover Ratio
2015



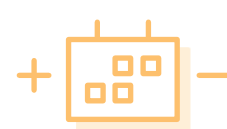
49 days

Debt Turnover Ratio
2017



48 days

Debt Turnover Ratio
2019⁶⁹



+5 days

Net Change
(2015-19)

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Note: Excludes Registered Social Landlords and Credit Unions

6.6 Financial Strength

The financial strength of any enterprise can be obtained from its balance sheet. This shows the net worth of a company, taking into account everything it owns and owes to others. **The balance sheet for**

the social enterprise sector has strengthened considerably since 2017, with total assets of £17.6bn and total liabilities of £11.5bn, resulting in a **net worth of £6.1bn**. This is up £1.1bn in two years.

AGGREGATED BALANCE SHEET FOR THE SECTOR⁷⁰

Type	Total Assets ⁷¹	Total Liabilities ⁷²	Net Assets ⁷³
Registered Social Landlords	£13,080m	£9,836m	£3,244m
Credit Unions	£685m	£609m	£76m
Other Social Enterprises	£3,793m	£1,028m	£2,765m
ALL SOCIAL ENTERPRISES	£17,558m	£11,473m	£6,085m

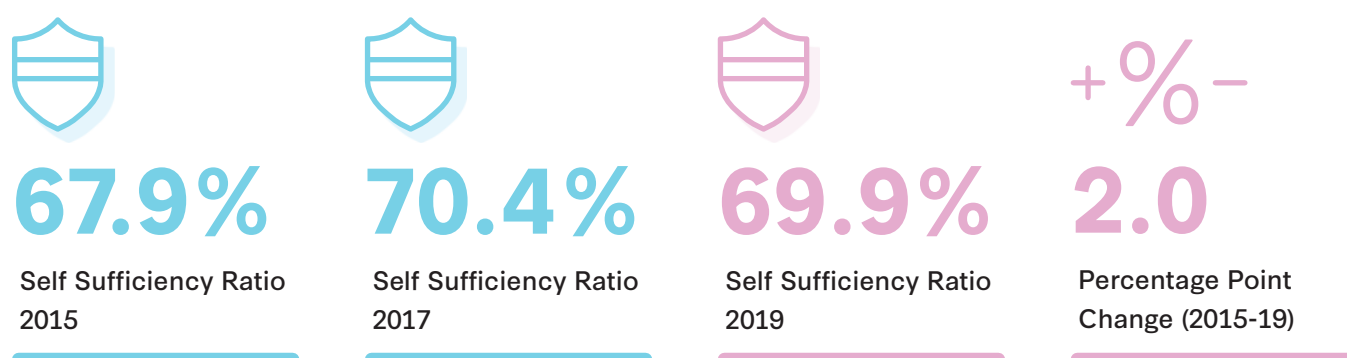
Source: Analysis of publicly available financial data, 2019

6.7 Sustainability

The Self Sufficiency Ratio indicates the extent to which social enterprises are financially independent through earned income (i.e. can cover their costs through trading). The data show that **self-**

sufficiency among social enterprises has been reasonably stable since 2015 and now stands at 69.9%.

SELF SUFFICIENCY RATIO⁷⁴ OF SOCIAL ENTERPRISES⁷⁵

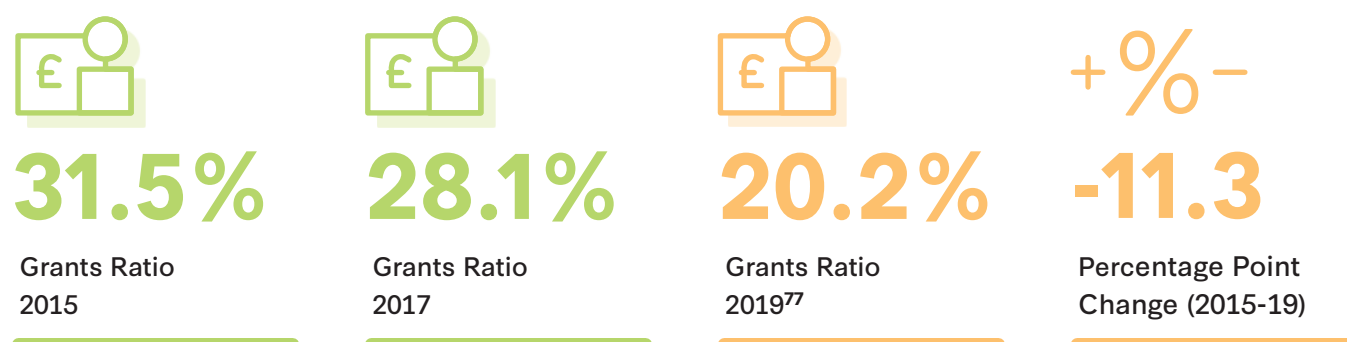


Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Note: Excludes Registered Social Landlords and Credit Unions

Although many social enterprises continue to make use of grant funding, the extent to which social enterprises are dependent on it has decreased considerably. The Grants Ratio currently stands at 20.2%.

GRANTS RATIO⁷⁶ OF SOCIAL ENTERPRISES



Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Note: Excludes Registered Social Landlords and Credit Unions

Successful social enterprises build financial reserves to ensure business continuity and financial stability during difficult times. Collectively, the **total unrestricted reserves held by social enterprises have increased to just over £2bn.**

TOTAL UNRESTRICTED RESERVES⁷⁸ OF TYPICAL SOCIAL ENTERPRISES



£1,060m

Unrestricted Reserves
2015



£1,666m

Unrestricted Reserves
2017



£2,008m

Unrestricted Reserves
2019⁷⁹



+£948m

Net Change
(2015-19)

Source: Analysis of publicly available financial data, 2015 and 2017 and 2019

Note: Excludes Registered Social Landlords and Credit Unions

The Survival Ratio indicates how long social enterprises could operate by using their unrestricted reserves. **Currently social enterprises can keep services running for 33 weeks, without any income.** While the total unrestricted reserves have increased by £376m since 2017, those reserves would not stretch as far. Using 2019 reserves, social enterprises could remain open for 9 fewer weeks than they could have in 2017 using their 2017 reserve amount.

SURVIVAL RATIO⁸⁰ OF TYPICAL SOCIAL ENTERPRISES



32 weeks

Survival Ratio
2015



42 weeks

Survival Ratio
2017



33 weeks

Survival Ratio
2019⁸¹



+1 week

Net Change
(2015-19)

Source: Analysis of publicly available financial data, 2015, 2017 and 2019

Note: Excludes Registered Social Landlords and Credit Unions



7

Contribution to Scotland



7.1 Gross Value Added

Social enterprises contribute to inclusive economic growth. They help to create economic wealth while providing opportunities for disadvantaged groups and re-distributing it back into communities across Scotland.

Economic contribution can be measured in terms of Gross Value Added (GVA), the measure of the value of goods and services produced in any part of the economy. Analysis of financial data for the sector has revealed **strong growth in GVA produced by the sector to £2.3bn in 2019⁸². While the number of social enterprises in Scotland has grown by 8% in two years, their economic contribution has grown by 13% in the same period.**

There are significant differences in GVA contribution across the fields in which social enterprises are active. In some cases there has been a strong

growth in GVA (e.g. Food, Catering & Hospitality and Sport & Leisure), while others have declined (e.g. Early Learning & Childcare) or shown no change (e.g. Retailing). An important factor that contributes to the growth or decline in a field is the growth or decline of the number of social enterprises active in that field.

Consistent with the data reported in 2017, **there is a substantial variance in the contribution of individual social enterprises in different parts of the sector.** On average, each social enterprise contributes £371k to GVA. In fields with large organisations employing significant number of people and reasonable profitability, such as Housing or Health & Social Care, there is a larger economic contribution. This contribution is considerably lower where organisations tend to be smaller and run by volunteers, such as Community Centres and Halls.

ESTIMATED GROSS VALUE ADDED TO THE SCOTTISH ECONOMY



£2.30bn

2019

£2.04bn











2017

+13%

Change 2017-2019



SOCIAL ENTERPRISE GVA BREAKDOWN BY FIELDS

Economic Field		GVA 2017	GVA 2019	Change 2017-19	GVA per Social Enterprise
	Health & Social Care	£752.8m	£833.5m	11%	£1,104k
	Housing	£672.9m	£776.1m	15%	£3,404k
	Arts & Creative Industries	£98.2m	£99.4m	1%	£122k
	Education, Training & Employment	£97.5m	£98.0m	1%	£330k
	Tourism, Heritage & Festivals	£63.2m	£75.7m	20%	£207k
	Information, Consultancy & Support	£68.9m	£74.3m	8%	£276k
	Other	£48.5m	£70.3m	45%	£302k
	Early Learning & Childcare	£70.4m	£69.0m	-2%	£103k
	Environment & Recycling	£32.2m	£41.0m	27%	£229k
	Sport & Leisure	£25.4m	£38.3m	51%	£121k
	Property, Energy, Utilities & Land	£32.7m	£36.1m	10%	£115k
	Community Centres & Halls	£20.5m	£23.9m	16%	£24k
	Retailing	£21.0m	£21.0m	0%	£97k
	Financial Services	£15.5m	£19.9m	28%	£178k
	Food, Catering & Hospitality	£9.8m	£17.9m	83%	£130k
	Transport	£8.8m	£9.6m	9%	£87k
ALL SOCIAL ENTERPRISES		£2,038.3m	£2,304.0m	+13%	£371k

Source: Analysis of publicly available financial data, 2017 and 2019

7.2 Employment

The social enterprise sector is also providing employment to a growing number of people in Scotland. Employment in the sector **has grown to 88,318 Full Time Equivalent (FTE) employees⁸³**.

FULL TIME EQUIVALENT (FTE) EMPLOYEES IN THE SOCIAL ENTERPRISE SECTOR

81,357

2017

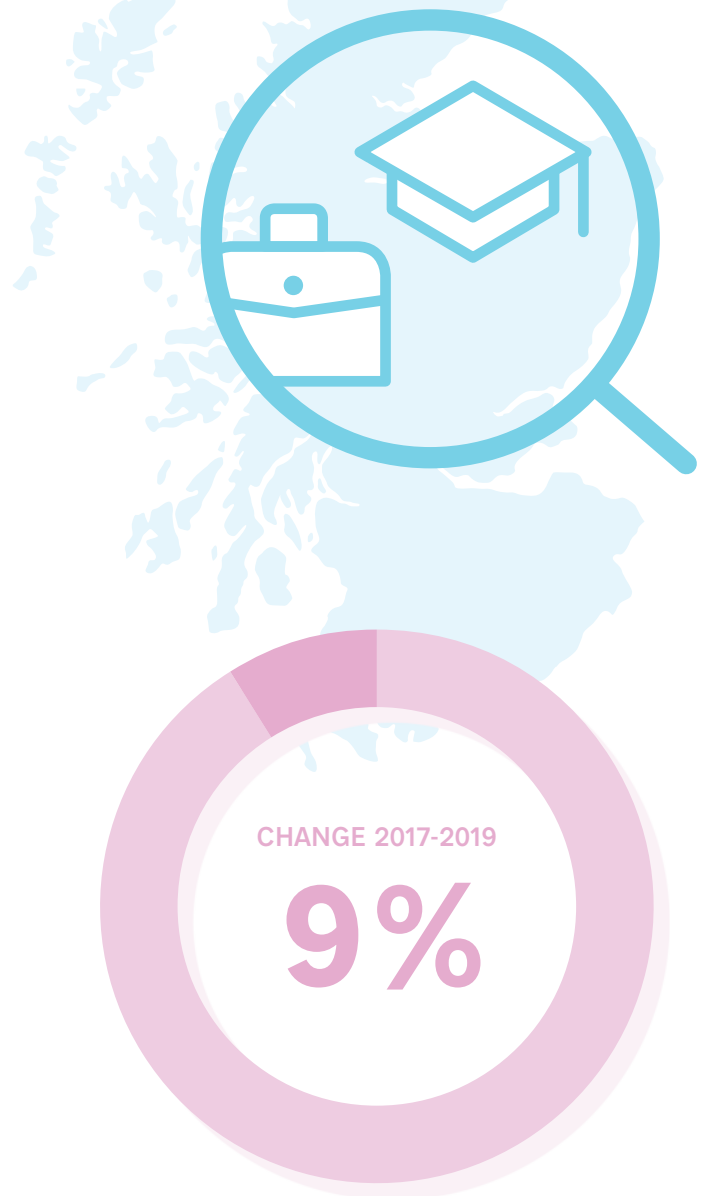
88,318

2019

















Source: Analysis of publicly available financial data, 2019

Consistent with GVA estimates, the data available show an asymmetric pattern of FTE employment across social enterprises in varying fields. In absolute terms, most employment is created by social enterprises in the Health & Social Care field (38,832 FTE), followed by Housing (17,629 FTE) and Early Learning & Childcare (4,915 FTE).

When considering the number of FTE employment per organisation, the Housing field provides most employment (77 FTE per social enterprise), followed by Health and Social Care (51 FTE) and Education, Training & Employment (14).



SOCIAL ENTERPRISE EMPLOYMENT BREAKDOWN BY FIELDS

Economic Field		Employment (FTE) 2017	Employment (FTE) 2019	Change 2017-19	FTE per Social Enterprise
	Health & Social Care	37,022	38,832	5%	51
	Housing	17,153	17,629	3%	77
	Early Learning & Childcare	4,270	4,915	15%	7
	Arts & Creative Industries	4,188	4,586	10%	6
	Education, Training & Employment	3,476	4,117	18%	14
	Other	2,184	3,124	43%	13
	Information, Consultancy & Support	2,432	2,995	23%	11
	Tourism, Heritage & Festivals	2,232	2,683	20%	7
	Sport & Leisure	1,471	2,117	44%	7
	Community Centres & Halls	1,356	1,598	18%	2
	Environment & Recycling	1,275	1,577	24%	9
	Property, Energy, Utilities & Land	1,024	1,303	27%	4
	Retailing	1,761	1,160	-34%	5
	Food, Catering & Hospitality	433	649	50%	5
	Financial Services	514	536	4%	5
	Transport	565	497	-12%	5
ALL SOCIAL ENTERPRISES		81,357	88,318	+9%	15

Source: Analysis of publicly available financial data, 2017 and 2019

7.3 Social Impact

The main purpose of social enterprises is to bring about social and environmental change. It is this added social value that makes them particularly distinctive from other parts of the business community.

SOCIAL AND ENVIRONMENTAL OBJECTIVES

Social enterprises seek to bring changes to people, families and communities in a variety of ways.

The survey data presented illustrate the breadth of social and environmental issues being pursued by the sector. It ranks the social objectives most commonly pursued by social enterprises and sets out the shifts evident since 2015. These social objectives cut across multiple Sustainable Development Goals, all addressing aims outlined in Scotland's National Performance Framework.

MAIN SOCIAL AND ENVIRONMENTAL OBJECTIVES⁸⁴



Source: Social Enterprise Census Survey, 2015 and 2019

The data gathered since 2015 suggest some issues are becoming more important to the sector and some less so. The data suggest somewhat more widespread attention by the sector to addressing social isolation/exclusion, health and wellbeing, and the needs of children in their early years. On the other hand, relatively fewer social enterprises appear to be pursuing goals relating to 'training for employment' and 'employment opportunities', perhaps as the needs of the economy change.

BENEFICIARIES

Social enterprises often provide targeted support for vulnerable or disadvantaged groups. The survey data indicate particularly widespread support for people experiencing mental health issues or with a physical or learning disability.

REPORTED BENEFICIARIES⁸⁵

76%

People with mental health problems

68%

Individuals with a learning disability

65%

Individuals with a physical disability

58%

Long-term unemployed

49%

Young parents

41%

Alcohol or drug addiction / dependency

41%

Older people losing independence

35%

People with convictions

33%

Young people leaving care

31%

Homeless / coming out of homelessness

28%

Refugees and asylum seekers

20%

Veterans / ex-military



Source: Social Enterprise Census Survey, 2019

● Groups

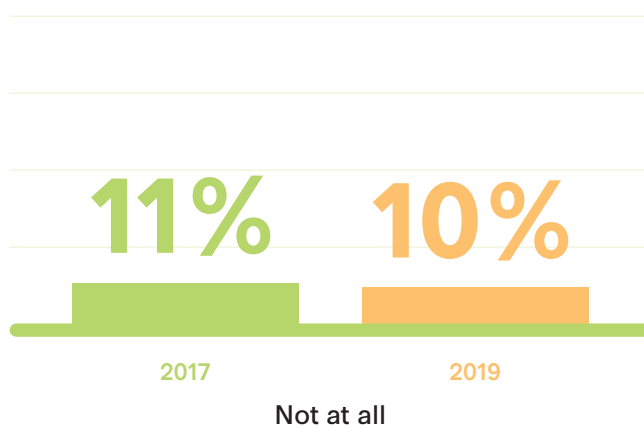
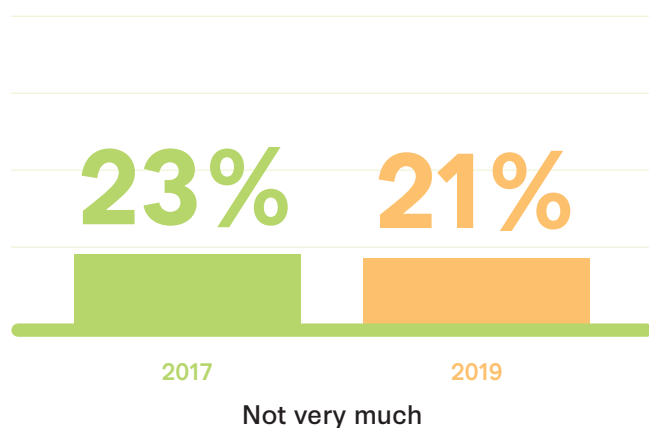
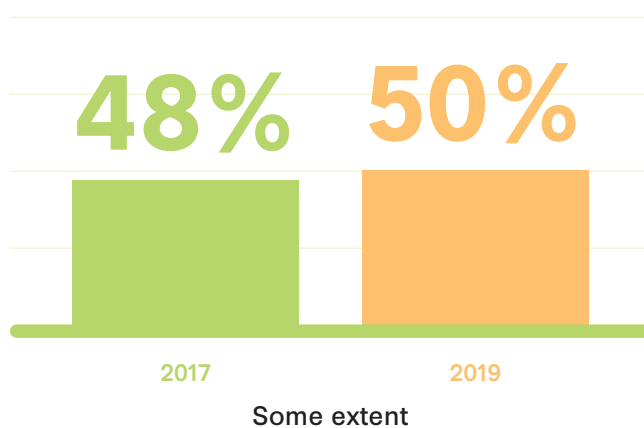
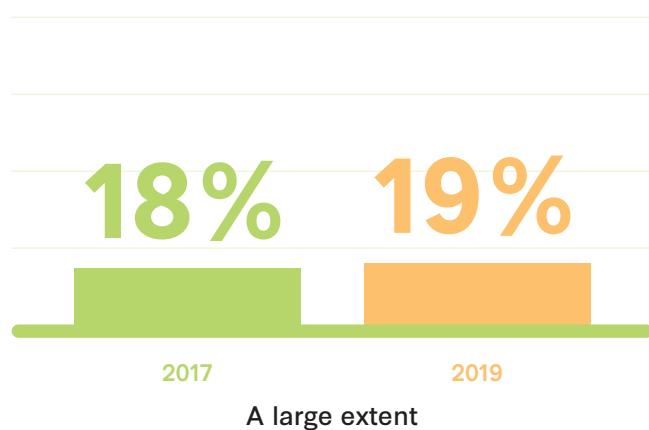
● Social Enterprises working with group

MEASURING SOCIAL IMPACT

If the overriding purpose of social enterprises is to create social impact, then the logic goes that they must be able to adequately measure and communicate this impact. However, this has been a long-standing challenge for the sector. The latest survey data suggest little change since this issue was first examined two years ago. Approximately three in ten respondents report that they measure their social impact 'not very much' or 'not at all', and fewer than one-in-five measure it to 'a large extent'.



ORGANISATIONS MEASURING THEIR SOCIAL IMPACT⁸⁶



Source: Social Enterprise Census Survey, 2017 and 2019

8

Prospects and Needs

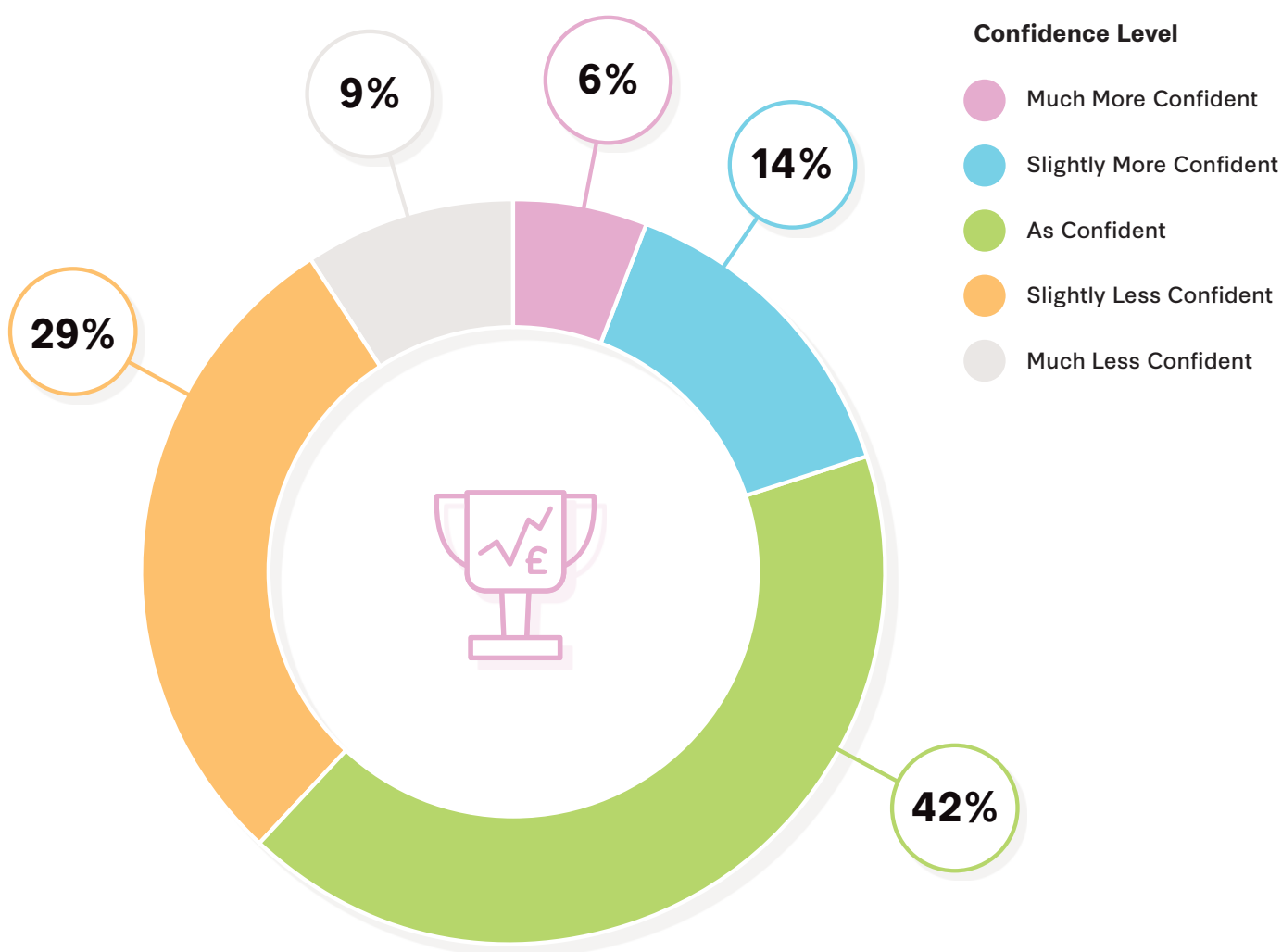


8.1 Business Confidence

Business confidence is an important barometer and a leading indicator of business conditions. Monitoring business confidence helps anticipate turning points in economic activity and the overall health of a sector.

The findings from the 2019 survey point to a **continuing weakening of confidence in the social enterprise sector**. Two-in-five social enterprise leaders (38%) have reported feeling slightly or much less confident in the economic prospects facing their organisation for the next 12 months (compared to the previous 12 months), with only one-in-five feeling more confident.

REPORTED CONFIDENCE IN ECONOMIC PROSPECTS⁸⁷



Source: Social Enterprise Census Survey, 2019

The data suggest that where confidence exists, this declines significantly among longer established organisations.

The Social Enterprise Confidence Index⁸⁸ introduced in the last wave of this project calculates confidence as a single score. On a range between +100 (all respondents much more confident about the future) and -100 (all much less confident), the latest score is -10.1. This indicates a somewhat more negative outlook than there was in 2017.

When benchmarked with a leading UK Business Confidence Index⁸⁹, the comparison suggests that at this time **the negative outlook of social enterprises closely matches that of UK businesses at a whole**. Against a backdrop of political and economic uncertainty, UK business sentiment is now back where it was immediately after the Brexit referendum in June 2016.

-10.1

**2019 Social Enterprise
Confidence Index Score**



-7.8

**2017 Social Enterprise
Confidence Index Score**



Source: Social Enterprise Census Survey, 2017 and 2019

CONFIDENCE INDEX BENCHMARKED WITH ALL UK BUSINESS⁹⁰

	Social Enterprise Sector in Scotland	UK Business Sector
More Confident	20%	24%
As Confident	42%	36%
Less Confident	38%	40%
CONFIDENCE INDEX SCORE	-10.1	-10.3

Source: Social Enterprise Census Survey, 2019 and ICAEW UK Business Confidence Monitor (Q3, 2019)

Confidence is uneven across the social enterprise community. The latest data show on-going low levels of confidence in the Health and Social Care field, and sharply declining confidence among organisations operating in the Early Learning & Childcare and Housing fields.

BUSINESS CONFIDENCE INDEX BY FIELD OF OPERATION⁹¹

Source: Social Enterprise Census Survey, 2017 and 2019

- Business Confidence Score 2017
- Business Confidence Score 2019

8.2 Prospects and Forecast

The **challenging economic climate continues to negatively impact the prospects of social enterprises**. Four-in-ten respondents have reported a negative effect and only one-in-ten a positive one. This represents a somewhat more negative effect than shown in 2015.

THE CHANGING EFFECT OF THE ECONOMIC CLIMATE ON THE PROSPECTS OF SOCIAL ENTERPRISES⁹¹

Reported Effect	2019	Percentage Point Change (2015-19)
Positively	9%	-4
Neither Positively or Negatively	48%	-8
Negatively	43%	+12

Source: Social Enterprise Census Survey, 2015 and 2019

From a comparatively bullish outlook in 2015, **social enterprise leaders are increasingly less optimistic about the future**. In each subsequent wave of the survey, a declining percentage of respondents have forecast an increase in demand, income, employees, etc. for the year ahead.

For example, 66% of respondents in 2015 predicted income to grow in the next 12 months, declining to 53% in 2017 and 42% in 2019. There is a consistency between 2015 and 2019 in the views of respondents in two respects - in the year ahead operating costs and reliance on grants will both rise.

FORECAST FOR THE NEXT 12 MONTHS⁹²

Variables	% Of Social Enterprises Forecasting an Increase in the Next 12 Months		
	2015 Survey	2017 Survey	2019 Survey
Operating costs	74%	78%	73%
Demand for services	74%	75%	61%
Joint working with others	72%	64%	56%
Product/service range	82%	53%	47%
Total income	66%	53%	42%
Proportion of income from trading	58%	45%	36%
Total employees	47%	37%	31%
Reliance on grants	26%	29%	27%
Geographic coverage	63%	30%	24%
Contracts with the public sector	31%	23%	18%

Source: Social Enterprise Census Survey, 2015, 2017 and 2019

8.3 Business Challenges

Key challenges remain for the sector. The **most widely declared barrier relates to insecure or declining grant funding**, an obstacle consistently reported by around half of respondents in the three surveys since 2015. Also widely reported are the challenges of rising costs and a lack of time/

capacity (although the latter is a less significant issue than in 2015 and 2017). Other barriers are much less common, and the significance attached to each has varied somewhat over the four-year period.

REPORTED BARRIERS TO DEVELOPMENT⁹³

Obstacle/barrier	2015	2017	2019
Insecure or declining grant funding	50%	51%	50%
Increasing costs	41%	51%	47%
Lack of time/capacity to develop trading potential	59%	54%	46%
Difficult market/trading conditions	29%	27%	20%
Cashflow difficulties	22%	22%	20%
Skills gaps or shortages	22%	20%	18%
Recruitment and retention difficulties	16%	17%	18%
Difficulty accessing finance	13%	20%	17%
Public awareness/preconceptions of social enterprise	22%	21%	17%
Competition within the market	20%	20%	16%
Difficulties securing Public Contracts	21%	20%	16%
Inadequate business support	14%	13%	11%
Difficulty complying with regulations or legislation	14%	14%	10%

Source: Social Enterprise Census Survey, 2015, 2017 and 2019

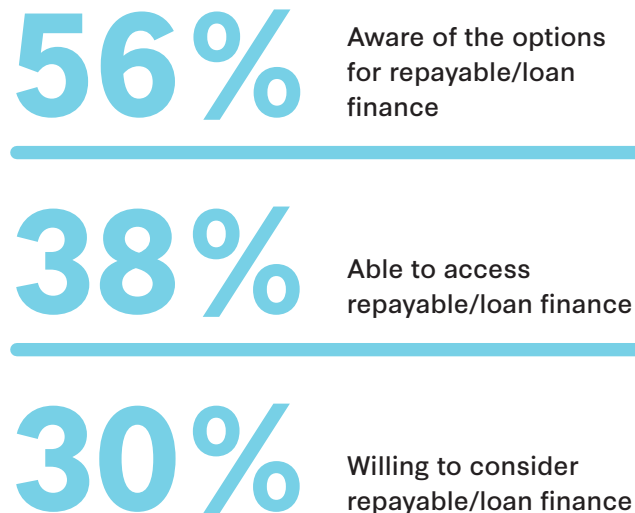
8.4 Access to Finance

Over the last 10 years a variety of repayable forms of finance have been introduced to enable social enterprises to build capacity, develop new revenue streams, make capital investments and manage cash flow.

The attitudes and needs of social enterprises with regards to these new forms of finance has been a hotly debated topic. The latest survey data suggest no major shift since 2017 in respondents' awareness of the options (56%), ability to access repayable finance (38%), or willingness to consider it (30%).

A minority of social enterprises make use of repayable finance. The most recent survey suggests that 16% of organisations are now making use of some form of repayable/loan finance, up from 14% in 2017. It also indicates that one-in-ten

ATTITUDES TO LOAN FINANCE⁹⁴



Source: Social Enterprise Census Survey, 2019

social enterprises applied for a loan in the last 12 months, but that organisations are still significantly more likely to turn to grants than any other source of finance.

TYPES OF FINANCE APPLIED FOR IN LAST 12 MONTHS⁹⁵

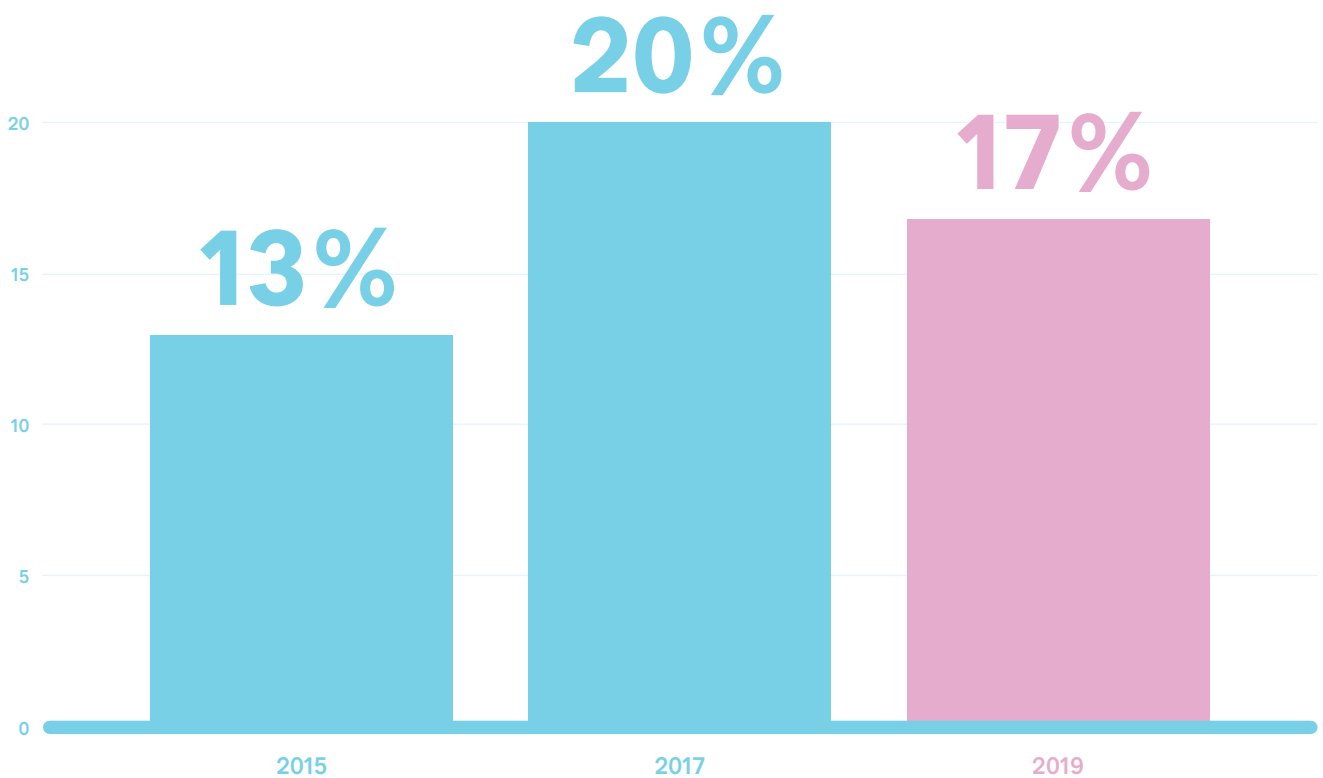
Finance Type	% Applying for Finance
A Grant	72%
A Loan	10%
An Overdraft	4%
Leasing/Hire Purchase	4%
Community Share Capital	1%
Equity Finance	1%
None of the Above	25%

Source: Social Enterprise Census Survey, 2019

Some difficulties accessing finance remain, although these are not widespread. Less than one-in-five respondents (17%) now report a barrier, a decrease since 2017, but an overall increase since 2015. The 2017 Social Enterprise Census report set out the issues limiting the use of repayable forms of finance. The main obstacles related to uncertainty or a lack of confidence on the part of social enterprises about meeting repayments, and the associated reluctance of trustees/directors to commit to taking on loans.



% REPORTING DIFFICULTY ACCESSING FINANCE



8.5 Business Support Needs

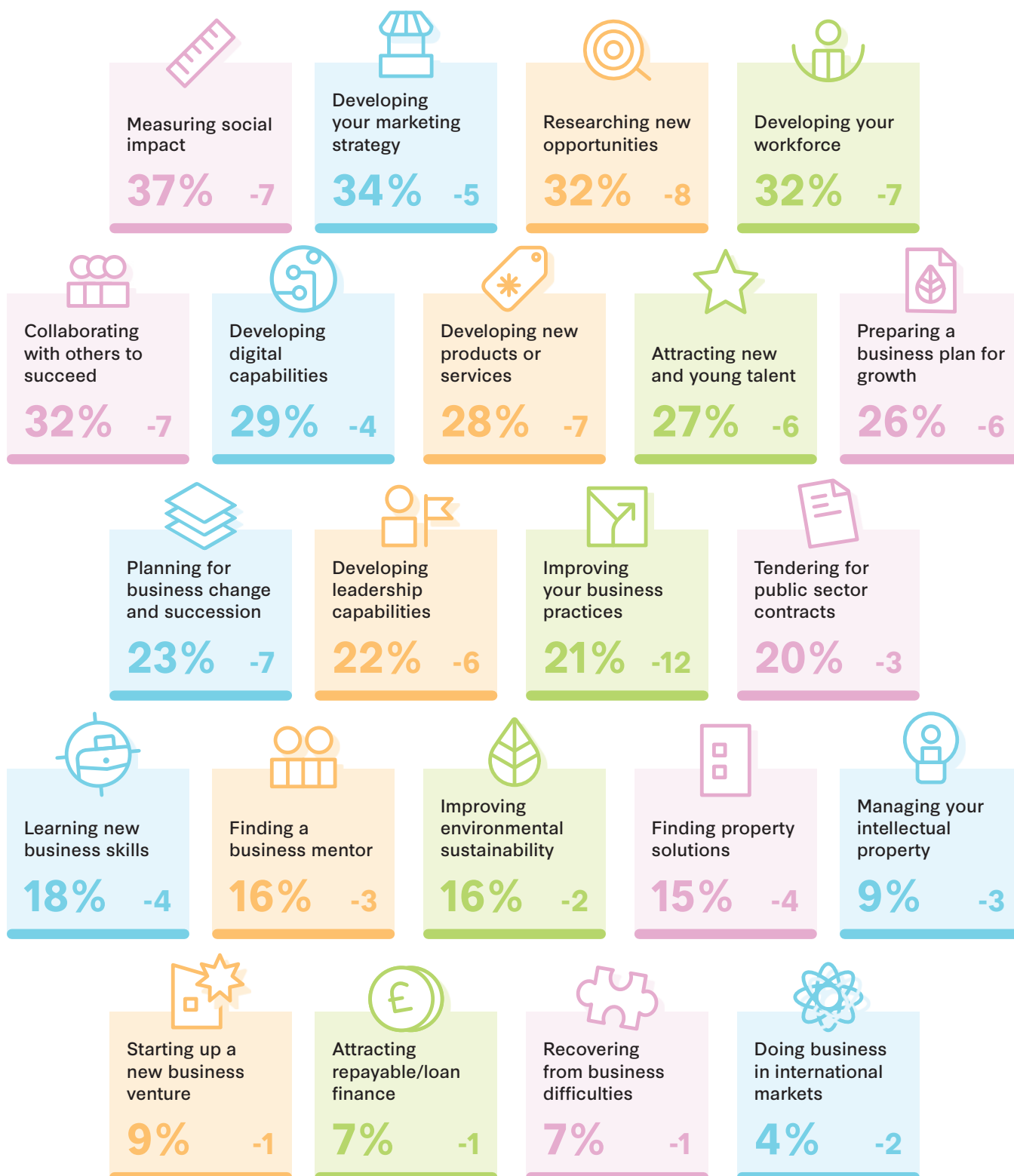
It is important that social enterprises are able to draw on the support they need to reach their potential.

Therefore, the survey once again explored 22 areas of support that social enterprises might benefit from.

The support needs evident in 2017 remain today.

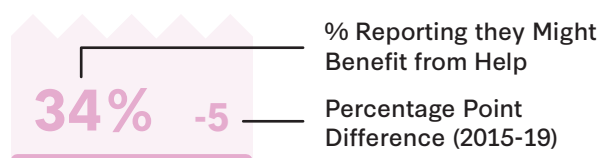
Support to measure social impact is again the most widely requested form of help needed.

The five forms of support deemed most useful remain unchanged since 2017 (and include: help developing a marketing strategy, researching new opportunities, developing the workforce and collaborating with others).

FORMS OF SUPPORT THAT SOCIAL ENTERPRISES MIGHT BENEFIT FROM IN THE NEXT 12 MONTHS⁹⁶

Source: Social Enterprise Census Survey, 2015 and 2019

While key support requirements remain, they have been **less widely reported than in 2017**. Across the board, there has been an average reduction of five percentage points in the share of social enterprises likely to find the various forms of support useful.





Endnotes

- 1 For further information see <http://www.se-code.net/>
- 2 The approach to interpreting the criteria set out in the Voluntary Code of Practice for Social Enterprise in Scotland is provided in the accompanying Technical Report.
- 3 This includes not-for-profit organisations that have commenced meaningful trading activity as well as newly formed social enterprises.
- 4 Social enterprises have been categorised by their principal field of economic activity, not their social purpose. Some enterprises work across more than one sector. Where this is the case the social enterprise has been categorised to the field of activity where it derives most of its income from.
- 5 Age here is taken from the point at which social enterprises register as a company, mutual or charity (if unincorporated). When conflicting, the oldest registration is taken as the formation date.
- 6 Community Interest Companies (CICs) are limited companies, with special additional features that certify their social mission, lock in assets, and limit dividend payments to members. Most CICs do not hold share capital.
- 7 Excludes registered Scottish charities headquartered elsewhere in the UK.
- 8 <http://www.se-code.net/>
- 9 Based on 1,093 responses to the question “Is ‘social enterprise’ a term that your organisation uses to describe itself?” (Social Enterprise Census 2019 Survey, June 2019).
- 10 Scottish Government, Urban Rural Classification, March 2018.
- 11 Based on 2017 mid-year population estimates and Scottish Government Urban Rural Classification 2016.
- 12 Glasgow, Edinburgh, Aberdeen and Dundee.
- 13 Based on 1,078 responses to the question “What is the widest geographic area across which your organisation operates?” and 1,093 responses to the question “Is your organisation led and accountable to people in a particular neighbourhood/ community?” (Social Enterprise Census 2019 Survey, June 2019).
- 14 Scottish Index of Multiple Deprivation
- 15 Coalfield Area Deprivation in Scotland, The Coalfields Regeneration Trust, 2013
- 16 Based on 1,078 responses to the question “What is the widest geographic area across which your organisation operates?” (Social Enterprise Census 2019 Survey, June 2019).
- 17 Based on 1,078 responses to the question “What is the widest geographic area across which your organisation operates?” (Social Enterprise Census 2019 Survey, June 2019).
- 18 Based on 1,068 responses to the question “Has your organisation exported/licensed goods or services to overseas markets in the last 12 months?” (Social Enterprise Census 2019 Survey, June 2019).
- 19 Scottish Government, Small Business Survey Scotland, 2015 and 2017, It should be noted that the findings from the Small Business Survey presented in this report relate to SMEs with employees only.
- 20 Based on 1,001 responses to the question “Does your organisation mainly sell goods or services?” (Social Enterprise Census 2019 Survey, June 2019).
- 21 Based on 982 responses to the question “Does your organisation sell goods or services (including under contract/ agreement) to any of the following customer groups?” (Social Enterprise Census 2019 Survey, June 2019).
- 22 Based on 1,001 responses to the question “Does your organisation sell goods or services (including under contract/ agreement) to any of the following customer groups?” (Social Enterprise Census 2019 Survey, June 2019).
- 23 Based on 993 responses to the question “Has your organisation bid for and won a public sector contract in the last 12 months?” (Social Enterprise Census 2019 Survey, June 2019).
- 24 Based on 441 responses to the question “If your organisation did not bid for contracts, please tell us why” (Social Enterprise Census Survey 2019, June 2019).
- 25 Voluntary Code of Practice for Social Enterprise in Scotland.
- 26 Based on 1,053 responses to the question “How many individuals in the following categories currently serve on your organisation’s governing board/committee?” (Social Enterprise Census 2019 Survey, June 2019).
- 27 Based on 1,099 responses to the question “Please state whether the following statements about your organisation are true or false: We have a minimum of three (unrelated) Directors/ Trustees on our governing board/committee” (Social Enterprise Census 2019 Survey, June 2019).
- 28 Based on 1,093 responses to the question “Is your organisation led and accountable to people in a particular neighbourhood/ community?” (Social Enterprise Census 2019 Survey, June 2019).
- 29 Based on 844 responses to the question “Does your organisation include employees in decision-making in a formal way?” (Social Enterprise Census 2019 Survey, June 2019).
- 30 Scottish Business Pledge: Balanced Workforce.
- 31 <https://onescotland.org/equality-themes/5050-by-2020/>
- 32 Based on 1,059 responses to the question “How many individuals in the following categories currently serve on your organisation’s governing board/committee?” (Social Enterprise Census 2019 Survey, June 2019).
- 33 Scottish Government, Small Business Survey Scotland, 2015 and 2017, Women-led businesses are defined as controlled by a single woman or having a management team of which a majority were women.
- 34 Based on 668 responses to the question “Approximately what is the ratio between the salary of the highest and lowest paid employee in your organisation?” (Social Enterprise Census 2019 Survey, June 2019).

- 35** Based on 668 responses to the question “Approximately what is the ratio between the salary of the highest and lowest paid employee in your organisation?” (Social Enterprise Census 2019 Survey, June 2019).
- 36** http://scottishlivingwage.org/what_is_the_living_wage
- 37** Based on 847 responses to the question “Does your organisation pay at least the ‘Living Wage in Scotland’ to all employees?” (Social Enterprise Census 2019 Survey, June 2019).
- 38** Scottish Government, Small Business Survey Scotland, 2017 (Published June 2018).
- 39** Based on 841 responses to the question “Does your organisation use Zero Hours employment contracts?” (Social Enterprise Census 2019 Survey, June 2019).
- 40** Scottish Government, Small Business Survey Scotland, 2017 (Published June 2018).
- 41** Scottish Government, Office of the Chief Economic Adviser, Labour Market Briefing Feb 2019, based on Labour Force Survey, Oct-Dec 2018, ONS.
- 42** Based on 830 responses to the question “Approximately, what proportion of your workforce were previously unemployed before taking up post?” (Social Enterprise Census 2019 Survey, June 2019).
- 43** Based on 1,077 responses to the question “Which of the following, if any, are your organisation’s main social and/or environmental goals” (Social Enterprise Census 2019 Survey, June 2019).
- 44** Based on 843 responses to the question “Does your organisation have a policy for staff training and development?” (Social Enterprise Census 2019 Survey, June 2019).
- 45** Based on 827 responses to the question “Approximately, what proportion of your workforce: Receive training or support intended to improve their employability” (Social Enterprise Census 2019 Survey, June 2019).
- 46** Scottish Government, Office of the Chief Economic Adviser, Youth Unemployment in Scotland, June 2019.
- 47** Based on 846 responses to the question “Does your organisation always pay all bills within 30 days?” (Social Enterprise Census 2019 Survey, June 2019).
- 48** For Registered Social Landlords calculated based on financial data for 152 organisations, for Credit Unions calculated based on financial data for 57 organisations for Other Social Enterprises based on financial data for 4,613 social enterprises.
- 49** For Registered Social Landlords calculated based on financial data for 152 organisations, for Credit Unions calculated based on financial data for 57 organisations and for Other Social Enterprises calculated based on financial data for 4,613 social enterprises.
- 50** Calculated based on financial data of 3,895 social enterprises with income data available for both the 2017 Census and the 2019 Census.
- 51** Calculated based on financial data available for 152 Registered Social Landlords, 57 Credit Unions and 4,613 Other Social Enterprises.
- 52** Calculated based on financial data available for 3,734 social enterprises, excluding RSLs and Credit Unions.
- 53** Calculated based on financial data available for 3,734 social enterprises, excluding RSLs and Credit Unions.
- 54** Calculated based on financial data available for 3,734 social enterprises, excluding RSLs and Credit Unions.
- 55** Calculated based on financial data available for 152 Registered Social Landlords, 57 Credit Unions and 3,734 Other Social Enterprises.
- 56** Calculated based on financial data available for 152 Registered Social Landlords, 57 Credit Unions and 3,734 Other Social Enterprises.
- 57** Calculated based on financial data of 3,890 social enterprises with expenditure data available for both the 2017 Census and the 2019 Census.
- 58** The Staff Cost Ratio is the percentage of actual expenditure among social enterprises, which is allocated to staffing costs, The formula is Staffing Costs/ Total Expenditure x 100.
- 59** Calculated based on financial data available for 4,359 social enterprises, excluding RSLs and Credit Unions.
- 60** Calculated by Total Income minus Total Expenditure.
- 61** Calculated based on financial data available for 4,529 social enterprises, excluding RSLs and Credit Unions.
- 62** Calculated based on financial data of 3,856 social enterprises with expenditure data available for both the 2017 Census and the 2019 Census.
- 63** The Profitability Ratio tells us the amount of surplus per £1 of income social enterprises have earned after taking account of all expenditure, The formula is Net Surplus (Deficit) /Total Income x 100.
- 64** Calculated based on financial data available for 4,350 social enterprises, excluding RSLs and Credit Unions.
- 65** Calculated based on financial data available for 152 Registered Social Landlords, 58 Credit Unions and 4,597 Other Social Enterprises.
- 66** The Current Ratio provides an indication of social enterprises ability to meet short term obligations (those obligations due within 1 year or less), The formula for the Current Ratio is Current Assets/Current Liabilities.
- 67** Calculated based on financial data available for 152 Registered Social Landlords, 58 Credit Unions and 4,597 social enterprises.
- 68** The Debt Turnover Ratio provides an indication of how long debtors take to pay their account. The formula is Debtors / Total Income x 365.
- 69** Calculated based on financial data available for 4,350 social enterprises, excluding RSLs and Credit Unions.
- 70** Calculated based on financial data available for 152 Registered Social Landlords, 58 Credit Unions and 4,597 Other Social Enterprises.
- 71** Assets are possessions held by social enterprises either to use in the course of their work, or to generate income. These include cash, unpaid invoices, property, equipment, stock and investments.
- 72** Liabilities include all that social enterprises owe to others, from unpaid bills to loans and long term pension liabilities.
- 73** Net assets represent the net worth of the sector and equate to its total funds.

- 74** The Self Sufficiency Ratio provides an indication of the extent to which social enterprises are able to cover their costs through trading. The formula is $\text{Earned Income} / \text{Total Expenditure} \times 100$.
- 75** Calculated based on financial data available for 4,359 social enterprises, excluding RSLs and Credit Unions.
- 76** The Grants Ratio provides an indication of the extent to which social enterprises are making use of grant funding. The formula is $\text{Grants} / \text{Total Income} \times 100$.
- 77** Calculated based on financial data available for 4,350 social enterprises, excluding RSLs and Credit Unions.
- 78** Unrestricted Reserves are unrestricted funds held in reserve by social enterprises, and exclude funds designated for a specific purpose.
- 79** Calculated based on financial data available for 4,307 social enterprises, excluding RSLs and Credit Unions.
- 80** The Survival Ratio provides an indication of how long social enterprises could survive with no income. The formula is $\text{Total Unrestricted Reserves} / \text{Total Income}$.
- 81** Calculated based on financial data available for 4,350 social enterprises, excluding RSLs and Credit Unions.
- 82** GVA has been estimated at the level of the individual social enterprise by Net Income and Employee Costs and adjusting for changes in the value or cost of assets used in producing the product or service (depreciation and amortisation). It has been estimated using organisation-specific data where either income or employment data could be obtained (81% of cases). Findings have not been grossed up for the entire population of 6,025 social enterprises as there is no reliable basis for doing so. However, it is likely that many of those organisations where data is not available will be of a smaller scale and would not significantly increase the assessment of total economic contribution of the sector.
- 83** Employment estimates have been produced using data from a variety of sources. Where full and part-time employment figures have been available, these have been converted to Full Time Equivalents (FTEs) using national Office for National Statistics benchmarks. A Full Time Equivalent (FTE) equates to one employee working full-time.
- 84** Based on 1,077 responses to the question "Which of the following, if any, are your organisation's main social and/or environmental objectives?" (Social Enterprise Census 2019 Survey, June 2019).
- 85** Based on 643 responses to the question "Do you work with beneficiaries facing any of the following issues?" (Social Enterprise Census 2019 Survey, June 2019), Excludes respondents stating 'Don't Know'.
- 86** Based on 1,070 responses to the question "To what extent does your organisation measure its social impact?" (Social Enterprise Census 2019 Survey, June 2019).
- 87** Based on 1,007 responses to the question "Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?" (Social Enterprise Census 2019 Survey, June 2019).
- 88** The Confidence Index is calculated from the responses to the following: 'Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?' A score is applied to each response, and an average score calculated.
- 89** The ICAEW Business Confidence Monitor (BCM) is one of the largest and most comprehensive quarterly reviews of UK business confidence and provides a regular snapshot of the economy. Reports are based on data drawn from a continuous research programme consisting of approximately 1,000 telephone interviews each quarter with ICAEW members working in industry and commerce.
- 90** Based on 1,007 responses to the question "Overall, how would you describe your confidence in the economic prospects facing your organisation over the next 12 months, compared to the previous 12 months?" (Social Enterprise Census 2019 Survey, June 2019).
- 91** Based on 936 responses to the question "Has the economic climate over the last 12 months positively or negatively affected the prospects of your organisation?" (Social Enterprise Census 2019 Survey, June 2019).
- 92** Based on 913 responses to the question "Please tell us about any changes in the last 12 months, and what you expect to change for your organisation in the next 12 months?" (Social Enterprise Census 2019 Survey, June 2019).
- 93** Based on 979 responses to the question "What, if any, are the main barriers/obstacles to the development of your organisation?" (Social Enterprise Census 2019 Survey, June 2019).
- 94** Based on 972 responses to the question "To what extent are you considering or using repayable/loan finance as a means to grow your organisation or increase its impact?" (Social Enterprise Census 2019 Survey, June 2019).
- 95** Based on 996 responses to the question "Which types of finance, if any, did your organisation apply for during the last 12 months?" (Social Enterprise Census 2019 Survey, June 2019).
- 96** Based on 1,107 responses to the question "Which, if any, of the following might your organisation usefully benefit from help with during the next 12 months?" (Social Enterprise Census 2019 Survey, June 2019).



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